





# DAILY REPORT

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*China*

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FOREIGN MINISTRY GIVES WEEKLY NEWS BRIEFING

## Missile Reduction Favored

OWO40901 Beijing XINHUA in English 0855 GMT 4 Mar 87

[Text] Beijing, March 4 (XINHUA) -- The reduction of the medium-range missiles deployed in Europe and Asia by the Soviet Union and the United States should be simultaneous and balanced and should be carried out according to the same principle until their total destruction, a Chinese Foreign Ministry spokesman said here today.

The spokesman made the comment in reply to a question about Soviet leader Mikhail Gorbachev's new proposal concerning medium-range missiles at a weekly news briefing here this afternoon. The spokesman said, "The negotiations between the Soviet Union and the United States on the issue of medium-range missiles concern the security of both European and Asian countries. The security of Europe and that of Asia are equally important and should be given equal attention."

As an Asian country, China is naturally concerned about medium-range missiles deployed in Asia, he added.

## Indian Paper Refuted

OWO40916 Beijing XINHUA in English 0907 GMT 4 Mar 87

[Text] Beijing, March 4 (XINHUA) -- A Chinese Foreign Ministry spokesman turned down an Indian official report of "China Involved in Gorkha National Liberation Movement in Darjiling of India" as "a sheer fabrication without any foundation."

The spokesman was commenting on the report quoted in the India newspaper "STATESMAN" in response to a question at today's weekly news briefing.

He said, "China does not interfere in the internal affairs of India and has nothing to do with the Gorkha National Liberation Movement. The said report was concocted with ulterior motives."

## PDRY Prime Minister To Visit

OWO41044 Beijing XINHUA in English 1036 GMT 4 Mar 87

[Text] Beijing, March 4 (XINHUA) -- At the invitation of Premier Zhao Ziyang, Dr. Yasin Sa'id Nu'man, prime minister of the People's Democratic Republic of Yemen, will pay an official goodwill visit to China at the head of a government delegation from March 12 to 19.

This was announced by a Chinese Foreign Ministry spokesman at today's weekly news briefing.

WU XUEQIAN COMMENTS ON USSR RELATIONS, REFORM

DW031321 Mainz ZDF Television Network in German 1800 GMT 2 Mar 87

["Excerpts" from interview with Wu Xueqian, PRC minister of foreign affairs, by correspondent Schulz in the "Heute" program, date and place not given; questions in German, answers in Mandarin with superimposed translation -- recorded]

[Excerpts] [Schulz] Do you consider a summit meeting between Deng Xiaoping and Gorbachev possible this year?

[Wu] So far I see no possibility because our relations have not yet been normalized. The Soviet Union has not taken any concrete steps so far to eliminate the three big obstacles to normalization. The greatest of these obstacles is Soviet support of Vietnam in the aggression against Kampuchea.

[Schulz] [passage omitted] Mr Minister, you will visit a total of seven Western and Eastern European countries. What role do you think Europe should play between the United States and the Soviet Union?

[Wu] In my opinion the countries of Western and Eastern Europe could play an important role in detente. It is important that all European countries have a say in arms limitation negotiations. The two big nuclear powers should listen to the voice of Europe and respect the opinion of European countries.

[Schulz] [passage omitted] Doubts have come up in foreign countries regarding the stability of Beijing's reform policy. What will you do to disperse these doubts? Did the foreign reaction surprise you?

[Wu] The reactions were not surprising I believe that the foreigners indulging in such speculations do not know the situation in China. The personnel changes in the party leadership are an internal affair of the party. They are not supposed to change the reform policy. [passage omitted]

LIAOWANG VIEWS U.S. 'PROTECTIONIST' MEASURE

HK271004 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 8, 23 Feb 87 p 26

[Article by Qi Qi (2036 7322): "The U.S. Enforces a New Protectionist Measure"]

[Text] The Reagan administration announced that the United States will enforce a new Generalized System of Preferences as of 1 July this year. According to this new system, the preferential tariff treatments for some developing countries and regions in exporting goods to the United States will be abolished.

According to the new Generalized System of Preference, the 290 commodities, which will no longer enjoy the duty-free treatment, mainly include the following: tools, cooking utensils, and cameras imported from South Korea, Hong Kong, and Taiwan; concrete, stone products, and frozen vegetables from Mexico; furs from Argentina, industrial diamonds from Brazil; and some medicines from Singapore. As of 1 July, a 5 to 7 percent customs duty will be imposed on these products.

Meanwhile, the general preferential treatments for Romania, Nicaragua, and Paraguay were also abolished on an excuse that they have violated the internationally acknowledged workers' rights and obstructed the trade unions from performing their duties. Romania exports about \$140 million of duty-free products to the United States each year.

The readjustment of the U.S. Generalized System of Preferences this time will bring about greater losses to some developing countries and regions. According to statistics, the six so-called "rising industrial countries and regions," including Taiwan, South Korea, Brazil, Mexico, Hong Kong, and Singapore, will suffer a net loss of \$2.09 billion a year from customs duties. Taiwan, Brazil, South Korea, and Mexico in particular will suffer greater losses.

The duty-free quota for Taiwan, the greatest beneficiary of the U.S. Generalized System of Preferences, will be reduced by about 27.5 percent. At present, the quota for Taiwan's export goods is \$3.2 billion, and it will be reduced to \$2 billion. The duty-free quota for South Korea will be reduced by 24 percent and become \$1.25 billion, and those for Brazil and Mexico will also be reduced respectively by 32 and 16 percent.

While abolishing preferential treatment for the above-mentioned 290 products in this readjustment, the Reagan administration also announced that they will give preferential duty-free treatment to 95 products imported from Colombia, Malaysia, and the Philippines, which are relatively underdeveloped. When announcing this decision, U.S. Trade Representative (Yeutter) said that this indicates the "orientation" of the Reagan administration's readjustment, that is, to give the preferential duty-free treatment to those countries which need it more. In fact, the U.S. Government has made use of this readjustment to reduce the range of the preferential treatment. This is another new protectionist measure against the developing countries, especially the rising industrial countries and regions.

The Generalized System of Preferences is a system where a developed country which unilaterally gives preferential tariff treatment to the import of finished and semi-finished products from the developing countries. It was an achievement of the developing countries in striving for the establishment of a new international economic order. The motion on establishing this system was adopted by the Second UN Trade and Development Conference in 1968. At present, some 20 developed countries have adopted this system, with a range of preferential tariffs. There are also certain limitations.

The U.S. Generalized System of Preferences was formulated at the end of 1975 and put into effect in 1976. According to this system, the United States offers duty-free preferential treatment to the products from developing countries and regions which meet the requirements of the system. Over the past decade an increasing quantity of products, amounting to \$3.2 billion in 1976 and reaching \$13.3 billion in 1985, have been enjoying this preferential treatment. According to the U.S. Generalized System of Preferences, the per capita GNP of a beneficiary country should be under \$8,500. At present, more than 3,000 commodities from 140 countries, including China, are enjoying this preferential trade system.

There is a stipulation in the U.S. Generalized System of Preferences, that is, different beneficiary countries and regions are treated differently according to the level of their development. A concrete measure is to control the use of this system by means of the "limit for competition," which means that the import of a single product of any beneficiary country or region cannot exceed the total import of the same product by 50 percent. If this limit is exceeded, the product will be regarded as being "fully competitive" and will not be allowed to enjoy preferential treatment.



In 1984, the United States renewed its Generalized System of Preferences. In light of the U.S. trade and tariff laws of those years, the United States extended the period of implementing the general preferential system to 10 years, that is, to 4 July 1993. But at the same time, it cut the "limit for competition" from the previous 50 percent to 25 percent. As a result, a large quantity of products from developing countries were unable to enjoy the preferential tariff treatment.

In recent years, trade protectionism has tended to increase in the United States. So far, the U.S. Congress has received over 500 protectionist proposals. Apart from the escalating trade wars between the United States on one hand and West Europe and Japan on the other, the United States spared no efforts to apply nontariff barriers of every description, including the new system of general preference, to restrict the import of products from the developing countries, particularly the rising industrial countries and regions.

In the 1980's, the proportion of U.S. trade deficits with the rising industrial countries and regions in its total deficits has been increasing. In 1984, its trade deficits with Taiwan, Mexico, Hong Kong, and South Korea totalled \$27 billion, or 22 percent of its total trade deficits of that year; but in 1985, they were increased to \$39.9 billion, or 28 percent of the total deficits.

To reduce the huge trade deficits, the United States has attempted to reduce the exchange rate of the U.S. dollar so that it can be extricated from the predicament. According to the statistics of U.S. TRADE, a journal of the U.S. Department of Commerce, since February 1985 the U.S. International Trade Administration's index of the dollar's exchange rate has dropped by more than 25 percent, compared with the currencies of 10 other industrial countries. But judging from the situation of the past 2 years after the dollar began to decline, the trade deficit has continuously increased rather than improved. The figure reached a record \$169.8 billion in 1986. This is because that although compared with the currencies of the 10 industrial countries the exchange rate of the dollar has dropped sharply, but it is still 11 percent higher than its lowest point in mid-1980. Moreover, the exchange rates of the dollar against the currencies of the largest trade partners of the United States did not drop as sharply as those against other currencies. Apart from some leading industrial countries, these trade partners also include some developing countries and regions. As a matter of fact, since the beginning of 1985, the exchange rates of the dollar against the currencies of Mexico, Taiwan, and South Korea have increased rather than decreased. This has resulted in the continuous increase of the favorable balance of these countries.

Apart from the foreign trade deficits, there are also some political reasons for the increasing trend of U.S. trade protectionism. In last year's intermediate election, the Republicans lost many seats in the Senate. An important reason for this was that the Democrats had won the victory in many states which were suffering from serious foreign trade deficits. As the next presidential election is drawing near, cutting the foreign trade deficits is becoming more and more important for both parties because it not only has a bearing on the future of the U.S. economy, but also concerns the immediate interests of the voters. It is under such a situation the Reagan administration has readjusted its Generalized System of Preferences placing more restrictions on imports from developing countries and regions. This can only be regarded as an expression of yielding to the pressure of protectionism in the United States.

SECRETARY OF STATE SHULTZ CONTINUES PRC VISIT

Further on Meeting With Deng

HK040214 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0845 GMT 3 Mar 87

[Report by reporter Li Wei (2621 0251): "Deng Xiaoping Meets Shultz"]

[Excerpt] Beijing, 3 Mar (ZHONGGUO XINWEN SHE) -- Deng Xiaoping, chairman of the Advisory Commission of the CPC Central Committee, met with U.S. Secretary of State George Shultz. As well as the principal members of his entourage in Beijing this morning. The host and guests had an hour-long friendly talk.

When Deng Xiaoping walked out of the door of the meeting room to shake hands with Shultz, he laughingly said: "We have not met with each other for 3 years. You are welcome."

After sitting down, Shultz took the first opportunity to convey President and Mrs Reagan's regards to Deng Xiaoping. Deng Xiaoping also asked Shultz to convey his best wishes to President Reagan and his wife. After that, both of them talked about the question that one is bound to come across some "troubles" in dealing with political matters.

Deng Xiaoping said: The President has run into some small troubles. It doesn't matter and it's nothing. In running a country and dealing with political matters, one is bound to have some troubles. We have also met with some troubles, haven't we?

Shultz said: "We did not realize that you had run into trouble." At this, both Deng Xiaoping and Shultz broke into loud laughter.

Deng Xiaoping added: As for the troubles President Nixon came across during his terms of office, our view was different from that of some people in the United States. Likewise, in the troubles Prime Minister Tanaka came across. We also adopted an attitude of understanding. This is because we know that we will also meet with some troubles. With regard to our troubles, I believe your excellency and the friends present will also adopt an attitude of understanding.

Shultz said: Of course. It is quite natural that people pay particular attention to other people's troubles but it is more necessary for us to pay attention to the existing opportunities and prospects. [passage omitted]

Holds News Conference

OW031259 Beijing XINHUA in English 1243 GMT 3 Mar 87

[Text] Beijing, March 3 (XINHUA) -- U.S. Secretary of State George Shultz said here today that Chinese leaders assured him that China will not change its policies for reform and opening to the outside world since these policies have worked and the Chinese people are better off.

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He said that modernization needs openness to the outside world as well as openness inside and he finds no reason to question about the sincerity of the Chinese leaders in their assurance.

Speaking at a press conference this evening, he said he had cordial and comprehensive discussions with Chinese leaders on global and regional issues as well as bilateral relations.

He said remarkable progress has been made in the U.S.-China economic cooperation in the 15 years since the Shanghai Communiqué. Trade between the two countries have grown by a large scale and the U.S. is now the second largest investor in China after Hong Kong.

He said that there has been considerable liberalization concerning U.S. export of high-technologies to China. He believes that there will be further liberalization.

Referring to the Taiwan issue, he said that the U.S. and China have assured each other they will proceed in strict conformity with their three joint communiqués.

#### Speaks in Dalian

OW031316 Beijing XINHUA in English 1247 GMT 3 Mar 87

[Text] Dalian, March 3 (XINHUA) — U.S. Secretary of State George Shultz today made a public speech at the National Center for Industrial Science and Technology Management Development at Dalian, a northeast China sea port.

Shultz said in his speech entitled "China and the United States: Facing the Economic Challenges of the Future," "as we look to the year 2000 and beyond, the future competitiveness of nations will be shaped not simply by their concentrations of labor and natural resources, but more and more by how freely and effectively they are able to use knowledge and information."

He said, "China's current economic situation is quite different from that of the United States, but its future role in the world economy is potentially very great. Endowed with abundant material and human resources, it has the promise to become one of the world's major economic powers. And consequently, its economic development has tremendous implications for the United States, for Asia, and for other countries throughout the world."

On Sino-U.S. economic cooperation, Shultz said, "the United States is prepared to join with the Chinese people as they make the most of this special opportunity. We believe that such cooperation in supporting Chinese modernization efforts is in the best interests of both our countries."



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By working together, he said, Chinese and Americans have already nurtured a growing bilateral economic relationship.

American firms have invested more than 1.5 billion U.S. dollars in China, he added, and in turn, the United States has rapidly become one of China's largest and most important contemporary markets for exports.

"For our part," he said, "Americans need to learn more about China. To become more competitive, American businessmen have to recognize the unique requirements of the Chinese market. American businessmen must be both patient and imaginative, ready to take full advantage of the opportunities created by our joint efforts to open markets."

He said, "Today, protectionism in all its varied forms is a great danger for us all. We have learned from the bitter experience of the great depression 50 years ago how protectionism can impoverish trading partners, provoke retaliation, inhibit world trade and economic growth, and eventually encourage political instability."

The United States welcomes China's interest in participating in the General Agreement on Tariffs and Trade (GATT), he said. However, he added, the process of Chinese accession will not be accomplished overnight.

Shultz flew here from Beijing this morning and returned to Beijing in the afternoon.

The Dalian management training center was established in 1980 under the joint sponsorship of the Chinese and U.S. Governments.

#### Leaders' Letters Compared

OW031543 Beijing XINHUA in English 1531 GMT 3 Mar 87

[Text] Beijing, March 3 (XINHUA) -- The visiting U.S. Secretary of State Shultz has conveyed President Reagan's letter to Chinese senior leaders Deng Xiaoping, Li Xiannian and Zhao Ziyang, according to a spokesman for the Chinese Foreign Ministry.

In the letter President Reagan offered his congratulations on the 15th anniversary of the issuance of the Shanghai Communique between China and the United States.

Reagan said in the letter: "The commitment of both sides to the principles enunciated in the Shanghai Communique have made possible the normalization of relations between our two countries. Over the course of the years since the establishment of diplomatic relations between the United States and the People's Republic of China, there has been a remarkable expansion of friendly cooperative ties between our two countries. This demonstrates the correctness of the belief expressed in the Shanghai Communique that 'normalization of relations between the two countries is not only in the interest of the Chinese and American peoples but also contributes to the relaxation of tension in Asia and the world'."

Chinese Premier Zhao Ziyang also wrote to President Reagan on the occasion.

Zhao extended his greetings and good wishes to President Reagan, the U.S. Government and the American people on behalf of the Chinese Government and people in his letter.

Zhao said in his letter: "The issuance of the Shanghai Communiqué has reopened friendly exchanges between the Chinese and American peoples. The basic principles jointly established by China and the United States in the Shanghai Communiqué not only laid down a solid foundation for the formal establishment of diplomatic relations between China and the United States in 1979, but are also of great practical significance in guiding the development of the Sino-U.S. relations today.

Zhao also said that he believed "Sino-U.S. relations will reach a new high in the next 15 years as long as the two sides make a joint effort and abide by the principles set out in the successive joint communiqués between the two countries."

#### Li Counters Economy Speech

HKD40632 Hong Kong Domestic Service in English 0500 GMT 4 Mar 87

[Text] The Chinese president has implicitly rebuked the American Secretary of State Mr. Shultz, who is on a visit to China. Mr. Li Xiannian made his comments to a Japanese delegation in Beijing as Mr. Shultz was delivering a keynote speech advocating the virtues of the market economy over central planning. Mark Brain reports from Beijing:

[Begin Brain recording] In a speech to Chinese management trainees, Mr. Shultz put a strong case for the capitalist values of a market economy and competition and of openness to outside influences, investment and trade. Closed doors and rigid ideas, he said, were a formula for stagnation and backwardness.

Without mentioning the secretary of state, but clearly with his remarks in mind, President Li Xiannian told a group of Japanese visitors at almost precisely the moment Mr. Shultz was delivering his address, that it was, as he put it, sheer illusion for some foreigners to hope that China would abandon planning, practice only the market economy, and go in for capitalism and overall westernization.

In challenging, Mr. Shultz in this open way, even before the secretary of state has left Beijing, President Li has underscored just how powerful the old leftist leaders here now are. The president, now in his early eighties, is considered one of the key figures in the hard-line Marxist backlash that has followed the sacking in January of China's reform-minded Communist Party leader Hu Yaobang. As quoted by the official NEW CHINA NEWS AGENCY, Mr. Li also voiced sharp implicit criticism of the disgraced Mr. Hu, declaring that China's leadership was a collective, and that no one was allowed to go against it. [end recording]

THAI CROWN PRINCE CONTINUES TOUR OF PROVINCES

OW281302 Beijing XINHUA in English 1249 GMT 28 Feb 87

[Text] Beijing, February 28 (XINHUA) — Thai Crown Prince Mahidon Wachiralongkon had a busy program by visiting two of China's ancient cities, Xian and Nanjing, today and yesterday. This morning, the crown prince visited the museum near Xian displaying hundreds of life-size terracotta horses and armored warriors excavated from site near the tomb of Emperor Qin Shi Huang (259-210 B.C.) and the Dayan Pagoda of more than 1,000 years old. The museum is known as the No eight wonder in the world.

The prince arrived in Xian yesterday afternoon and was greeted at the airport by acting Governor of Shaanxi Province Zhang Boxing and Mayor of Xian Yuan Zhensheng. At a dinner given in his honor by Zhang Boxing, the Thai prince said that he was very happy to visit the city and wished the friendship between the two peoples lasting for ever.

Upon his arrival in Nanjing from Xian this afternoon, the prince drove directly from the airport to visit the Nanjing Bridge across the Yangtze River in the company of Governor of Jiangsu Province Gu Xiulian. He praised the bridge as a great project. The Thai prince and his party were guests of honor at a banquet given by the Jiangsu provincial people's government this evening.

Leaves Nanjing for Shanghai

OW011110 Beijing XINHUA in English 1030 GMT 1 Mar 87

[Text] Nanjing, March 1 (XINHUA) — Thai Crown Prince Mahidon Wachiralongkon and his party left here for Shanghai by special plane this afternoon at the end of their visit to Nanjing. They were seen off at the airport by Governor of Jiangsu Province Gu Xiulian.

Accompanied by Deputy Chief of Staff of the Nanjing military area of the Chinese People's Liberation Army Zheng Bingqing, the prince this morning visited a ground force division of the area, where he reviewed a guard of honor. There, he also heard an account of the division's brilliant combating history, visited workshops run by the armymen's relatives, and watched with great interest a military skills exhibition. While in Nanjing, the prince also travelled to the Dr. Sun Yat-sen mausoleum, the one for the late forerunner of the Chinese democratic revolution.

Leaves Shanghai for Hangzhou

OW021112 Beijing XINHUA in English 1055 GMT 2 Mar 87

[Text] Shanghai, March 2 (XINHUA) — Thai Crown Prince Mahidon Wachiralongkon left here for Hangzhou today at the end of his two-day visit to Shanghai. The prince and his party were seen off by Shanghai's Mayor Jiang Zemin at the airport.

The Thai guests visited a dance school in the western suburbs of Shanghai this morning. Students of the school performed national dances and modern ballet to the delight of the visitors. The prince also went to the Temple of the Jade Buddha, a famous ancient temple in the city. He presented yellow kasayas, an outer vestment worn by a Buddhist monks, to three elder monks in the temple. The monks also presented the prince with agate telling beads, a scripture and a scroll inscribed with the word "Buddha."



CHINESE MUSLIM ATHLETE SEEKS POLITICAL ASYLUM

TA271638 Ankara ANATOLIA in English 1630 GMT 27 Feb 87

[Text] Istanbul (A.A.) — A Moslem Chinese swimmer who won a gold medal at last year's Asian Games has asked Turkey for political asylum, police reported today.

The same source said Mu La-ti, 23, made the application on Wednesday under his Moslem name, Murat Tahir, and it was being considered.

He is the latest of an estimated 100 or more Moslem Chinese from the western province of Xirjiang to flee to Turkey in the last decade, Chinese sources said.

Last October the trade counsellor at the Chinese Embassy in Ankara, Mohammed Niyazi, defected and was granted asylum. He has since been granted a residence permit but awaits Turkish citizenship.

In December world champion Bulgarian weightlifter Na'im Suleymanoglu defected while in Australia and was granted asylum and citizenship within two days of arriving in Turkey.

Mu was a member of the Chinese gold medal-winning [word indistinct] metres freestyle relay swimming team at the Seoul Asian Games.

He was quoted as telling reporters he wanted to swim for Turkey. Press reports said he came here as a tourist on February 20 and was staying with an uncle, Sabur Kanat, in Istanbul.

PARIS MAGAZINE REPORTS MORE CHINESE SEEK ASYLUM

AU026134 Paris AFP in English 1630 GMT 2 Mar 87

[Text] Paris, March 2 (AFP) — More than 20 Chinese students and interns in France have asked the French Government for political asylum following the sacking in early January of Chinese leader Hu Yaobang and the launching of a campaign against "bourgeois liberalism" by Beijing, a Paris-based magazine on Asian affairs said Monday.

Citing Chinese sources "in Paris and the world," THE COURIER OF SOUTHEAST ASIA reported that "at least 20" students and interns in France have requested political asylum from French authorities and "similar requests have been made (by Chinese students) in the United States and other Western countries."

The report echoed rumors of defections circulating in Chinese student circles in Paris and information recently published by Taiwan and Hong Kong newspapers.

The French Foreign Ministry refused to confirm or deny the information and the Chinese Embassy in Paris declined to comment.

Some 1,700 Chinese are studying or being trained in France. According to French authorities, there are always "some candidates for political asylum" among them.

BELGIAN SOCIALIST DELEGATION PAYS VISIT

## Arrives in Beijing

OW221320 Beijing XINHUA in English 1257 GMT 22 Feb 87

[Text] Beijing, February 22 (XINHUA) -- A delegation from the Belgian Socialist Party (French-speaking wing) led by its chairman Guy Spitaels arrived here today as guests of the Chinese Communist Party (CPC).

This is the first delegation from the Belgian party to visit China. Members of the delegation include former chairman of the party Andre Cools.

The Belgian visitors were greeted at the airport by Zhu Liang, head of the International Liaison department of the CPC Central Committee, and Belgian Ambassador to China Jan Hollants van Looke.

## Meets Li Peng

OW231618 Beijing XINHUA in English 1431 GMT 23 Feb 87

[Text] Beijing, February 23 (XINHUA) -- Li Peng, member of the Political Bureau and Secretariat of the Central Committee of the Chinese Communist Party (CPC), met and feted a delegation from the Belgian Socialist Party (French-speaking wing) led by its chairman Guy Spitaels here this evening at the Great Hall of the People.

Welcoming the first delegation from the party to China, Li said the Chinese Communist Party is willing to establish friendly relations and have a full exchange of views on issues of common concern with the Belgian Socialist Party (French-speaking wing).

The Belgian party is the biggest one in Belgium's French-speaking areas and is also the biggest party in opposition. The delegation arrived here yesterday. Head of the International Liaison department of the CPC Central Committee Zhu Liang held talks with the delegation this afternoon.

## Confers With Zhao Ziyang

OW021342 Beijing XINHUA in English 1253 GMT 2 Mar 87

[Text] Beijing, March 2 (XINHUA) -- Chinese leader Zhao Ziyang said here today that to build a socialism with Chinese characteristics means the building of a socialism with real vitality and vigor.

Speaking to a delegation from the Belgian Socialist Party (French-speaking wing) led by its chairman Guy Spitaels here this afternoon, Zhao, acting general secretary of the Chinese Communist Party Central Committee and premier of the State Council, said that this will benefit the country's political stability, the development of social productive forces and the interest of its people.

Zhao stressed that China's reform is being carried on according to this concept.

"We have achieved marked progress in implementing our policy of reform and opening to the outside world and will continue to do so," he added.

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The meeting took place at Zhongnanhai.

Spitaels invited the Chinese Communist Party to send a delegation to Belgium.

This will continue to develop the friendly relations established between the two parties, he said.

Zhao accepted the invitation with pleasure.

He praised the Belgian Socialist Party (French-speaking wing) for its many years' efforts to promote friendship between the two countries and their peoples.

Zhao said China continues to attach great importance to developing its economic, scientific and technological cooperation with the West European countries including Belgium.

"We are satisfied with such cooperation. It is our hope that such friendly relations and cooperation will be further developed through common efforts," he added.

#### Concludes Visit

OW031106 Beijing XINHUA in English 1049 GMT 3 Mar 87

[Text] Beijing, March 3 (XINHUA) -- A delegation from the Belgian Socialist Party (French-speaking wing) led by its Chairman Guy Spitaels wound up its visit to China and left here this afternoon.

#### SWEDISH AIR FORCE COMMANDER HOSTS RETURN BANQUET

OW180607 Beijing Domestic Service in Mandarin 1600 GMT 15 Feb 87

[Text] Lt. Gen. (Wulfung), commander of the Swedish Air Force, hosted a return banquet on the evening of 15 February. Wang Hai, commander of the Air Force of the Chinese PLA, and others attended. The Swedish Air Force commander and his entourage will conclude their official visit to China and leave Beijing for home on 16 February.

#### JI PENGFEI MEETS BRITISH SWIRE GROUP CHAIRMAN

OW031112 Beijing XINHUA in English 1102 GMT 3 Mar 87

[Text] Beijing, March 3 (XINHUA) -- Ji Pengfei, Chinese state councillor and director of the Hong Kong and Macao Affairs Office under the State Council, met John Swire, chairman of the Swire Group of Britain, and his party here this afternoon.



DENG'S PAST REMARKS STRESS NO CHANGE IN POLICIES

HK031146 Shanghai SHIJIE JINGJI DAobao in Chinese 23 Feb 87 p 1

["In a Word, We Will Continue Our Work as Planned"; Deng Xiaoping's important conversations at meetings with foreign visitors on three occasions]

[Text] This year, on three occasions when meeting with foreign guests, Deng Xiaoping made some important remarks.

On 13 January, when meeting with Noboru Takeshita, Deng Xiaoping pointed out: China will uphold its current principles and policies, in particular the reform and open policies. Without a political situation of stability and unity, it is impossible to carry out construction, still less to open to the outside world and carry out reforms. None of these would be successful in the absence of a political situation of stability and unity. We should proceed with reforms in an orderly way. That is to say, we should be bold and prudent and should sum up experience promptly and make steady progress.

On 15 January, when meeting with the chairman of the Finnish Communist Party Arvo Aalto and his party, he pointed out: China's policy is to firmly and wholeheartedly carry out socialist construction. We are faced with two major tasks, safeguarding world peace and expanding socialist productive forces. He said: Our policies, especially those on reform and opening to the outside world, have been implemented successfully. We are in a new period and are doing what our predecessors did not do. We have no experience to draw on. He pointed out: China must have a political situation of stability and unity and must remove all obstacles in the path of socialist construction. At present, there is an ideological trend of advocating bourgeois liberalization. China's Marxists will not agree to this. But this will not affect our stability and unity, nor will it affect the current policy of reform and opening to the outside world, which we have adopted in order to carry out socialist construction. This is because the development of our country as a whole over the past 8 years since the 3d Plenary Session of the 11th CPC Central Committee cannot be denied.

On 18 February, when meeting with Gabonese President El Hadj Omar Bongo, Deng Xiaoping emphasized: "The recent personnel changes in the central leadership can only help implement rather than affect our established principles and policies. In a word, we will continue our work as planned!" He continued: China is going in for four socialist modernizations. If we only stress the four modernizations without mentioning socialism, we will deviate from the essential aspect of the matter, that is, deviate from China's road of development. This is a very important question. Deng Xiaoping said that China has made impressive developments in recent years, and the people's living standard has really improved. He said: "We have full confidence in our development. But we should be more meticulous in our work and sum up experience and lessons from time to time."

CONSERVATIVES PREPARE FOR PARTY CONGRESS

HK040213 Hong Kong HONGKONG STANDARD in English 4 Mar 87 p 8

[By staff reporters Yau Shing-mu and Chan Wai-fong]

[Text] Three Chinese Communist veterans have taken a firm grip on preparations for the 13th Party Congress scheduled for autumn. [paragraph continues]

They are Mr Bo Yibo, vice-chairman of the Central Advisory Commission, Mr Peng Zhen, chairman of the National People's Congress, and a high-level Army leader, the STANDARD learned yesterday from reliable sources.

The strong man from the People's Army is either Mr Song Ren-qiong, another vice-chairman of the Central Advisory Commission, or Mr Xu Xianqian, vice-chairman of the Central Military Commission of the party.

All three, in particular Mr Peng Zhen and Mr Bo Yibo, have been in the forefront of the current campaign against bourgeois liberalism.

Mr Peng, the former Mayor of Beijing and a diehard who has been playing a key role in rebuilding China's legal system, came out with a strident attack on "bourgeois liberals" immediately after the fall of the former party chief Hu Yaobang.

According to Western diplomats in Beijing, he appeared to be leading the counter-attack against the reformists. "He stands for a strong, united party and a rejection of anything which threatens that," one Western diplomat was recently quoted.

The upcoming congress is widely regarded as crucial to future policies and the assignment of top leaders to the various key positions in various committees including the Standing Committee of the Politburo.

A replacement for Mr Hu will also be picked at this congress to boss over the 40-million party establishment.

With the ouster of Mr Hu and the removal of some of his proteges like the former propaganda chief, Mr Zhu Houze, the party has fallen into the hands of the seniors, the sources said.

They include Mr Peng Zhen, Mr Bo Yibo and Mr Wang Zhen, another vice-chairman of the Central Advisory Committee.

Of the three laying the congress groundwork, two — Mr Peng and Mr Song — are occupying seats in the Politburo, the supreme governing body of the party.

The STANDARD learned that Mr Peng aspires to sit on the Politburo's Standing Committee — the soul of the powerful Politburo — which is now composed of the Central Military Commission and the Central Advisory Commission, Mr Deng Xiaoping, director of the Central Commission for Discipline and Inspection, Mr Chen Yun, president of the state, Mr Li Xiannian, Premier Zhao Ziyang and the former general secretary, Hu Yaobang.

The party Constitution does not set down who are eligible for the seats of the Standing Committee nor its size. It has been the practice over the years, however, for heads of the party, the state, and the Army to be allotted a seat.

Though head of the supreme law-making body, the Standing Committee of the National People's Congress, nevertheless is still not a member.

Sources said that Mr Peng's 84 years, two years older than Mr Deng, will not hinder his entry.

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Though described as one of the strong leaders among the communists, he missed the chance to get into the Standing Committee because he was rehabilitated late, in 1979, after the Cultural Revolution.

He was purged with Mr Deng during the Cultural Revolution and was out of the political scene for more than 12 years.

However, sources said that Mr Peng's influence in the North has been and is still prevalent since he has worked as chairman of the Political Bureau of the party's northern China division during the wars of liberation.

Mr Bo Yibo, of Shanxi Province -- home province of Mr Peng -- had also worked in the northern China division but as the first secretary.

Western observers said that it would be significant if Mr Hu Yaobang was removed from the Politburo. It would indicate he is no longer tolerated by the conservatives who evidently have secured the upper hand.

Premier Zhao Ziyang is expected to take over as the general secretary since his tenure in the State Council ends next year, the sources said.

"Under the Constitution he cannot continue in office. A premier is only allowed to serve a maximum of two terms in the State Council. The office of general secretary is an obvious choice for continuing his political career.

"If he fails to grab it, it'll be a great blow to the country," the sources said.

Mr Zhao is the most re-assuring figure in upholding the liberal economic reforms in the current reforms.

Two vice-premiers, Mr Yao Yilin and Qiao Shi, are not given much chance to succeed Premier Zhao. Mr Yao's health is weak and Mr Qiao is a close associate of Mr Hu, the sources added.

Another rising figure is State Councillor Song Jian, a Soviet trained expert in space science who was appointed to the current post last year. But he is expected to take over the post of vice premier.

#### GUANGMING RIBAO WARNS ON FAWNING THINGS FOREIGN

HK030211 Beijing GUANGMING RIBAO in Chinese 21 Feb 87 p 1

[Article by Aang Kejia (5258 0344 1367): "National Pride, Worshipping and Fawning on Things Foreign"]

[Text] At the end of last year, when meeting with a famous storyteller Yuan Kuanxheng, the central responsible comrades stressed that we should carry forward our fine cultural tradition, and enhance our national pride. After reading the report, I was inspired with enthusiasm, and all sorts of thoughts welled up in my mind.



Comrade Wang Zhen said with deep feeling: "Our nation has a rich and valuable cultural heritage. Some people go in for national nihilism. They belittle and negate China, and advocate 'complete Westernization.' This is a kind of bourgeois liberalization, which the masses of people have resolutely opposed."

Comrade Bo Yibo stressed with awe-inspiring righteousness: We must have a strong national self-esteem and self-confidence. We should not improperly belittle ourselves, and think that all things foreign are better than things Chinese, and that "the moon in foreign countries is rounder than that in China," because this means they are ignorant of the history of their own country.

I find that in recent years some people have felt themselves inferior to others as A Qiu did, and are full of the feeling of wretchedness. They fail to know both the enemy and themselves. They have lost their status and sense of pride as the descendants of the emperors of Yan and Hua. They should be in the full flower of life, should gain great fame and high prestige, and should be determined to stand on their own feet in the family of big nations in the whole world.

Let us put aside temporarily things that happened in the dim past. Over the past 10 years or so, we have wholeheartedly grasped the building of the two civilizations. Just like a powerful eagle, which is soaring to great heights, our country is forging ahead at a tremendous pace. Foreigners treat such a thriving situation with increased respect. Why are some of our people blind to "all that which has truly occurred?"

In history, we had more strong points than other countries. Some of us are ignorant of all this, and foreign scientists have enlightened us in this regard. Recently, a British scholar (Turnbull) has recounted China's 100 "number ones in the world" in a book edited by him under the guidance of Joseph Needham "China -- A Country of Discovery and Invention." The editor has pointed out that besides the four great inventions of the compass, the art of printing, paper and gunpowder, which are known to all, China had 90 or so other kinds of inventions, such as the underwater torpedo, firearms, the parachute, a multistage rocket, manned flights, brandy, and even the key design of the steam engine. In view of the fact that some Chinese people have worshipped things foreign in recent years, the author reminds them that if the inventors no longer claim their patent rights, or even if they forget them, why should those who enjoy these inventions try to restore the facts, and strive to return the patent rights to the inventors? ...After reading this passage, what will the Chinese, who are the inventors, feel? The remarks "being ignorant of the history of one's own country" have grated on the ears of many people, and made them feel unhappy. After reading (Turnbull's) above-quoted passage, we believe that they will blame their own ignorance.

We must admit that over the past 100 years or so, we have lagged behind. At present, we are stressing reform and opening up. We should learn from foreign countries things which are good and beneficial to us. But this also means learning mutually from each other. Foreign countries are also learning many things from us. The so-called cultural exchanges mean that each has something to "lose" and something to "gain." Only thus can both sides benefit. The "doctrine of getting everything foreign" criticized by Lu Xun only deals with one aspect of the problem, and speaks in defense of worshipping things foreign. The other aspect of the problem should clearly be: We should "get things from others" in a selective way, and turn those things we get from others into our own flesh and blood, and things Chinese. In other words, we should digest them, but the main emphasis should be placed on things Chinese. We should not learn things like opium pipes, concubines, and so on from foreign countries.

I have recently read an article by Comrade Zhou Gucheng on cultural exchanges between China and the West. What he says is good and strikes a chord in my heart. He points out: "Today, the so-called cultural exchange can only mean mutual infiltration, but absolutely not replacing one culture with another." He adds: "China's purpose in importing from the West science, technology, management methods, the spirit of the legal system, and so on is to enhance our level. The purpose of the West is to absorb Chinese philosophy, culture, art ... such as 'Lao Zi,' 'Zhuang Zi,' 'The Book of Changes,' poetry, Ci, calligraphy, paintings, potted landscapes, garden designs, and so on is also to enhance their level." Exchanging and learning from each other will mutually enhance each other's level. When reading the article of our revered Comrade Zhou, I paid special attention to the following: He stresses that at present what we should mainly learn from the West is science, technology, and management methods. On the other hand, while studying our culture, the West pays attention to our philosophy, and achievements in literature.

In recent years, I've found that some people in our country have been keen on recommending and studying "famous philosophical works" of the West. They published large quantities of such works. We should not blame them if these materials are used for academic studies. However, when our country is sparing no effort to build the two civilizations, what is the real significance of uncritically and purely objectively publishing these "famous works" in great quantity, and studying them? What effects will it have? I am not in a position to make an improper criticism of these "famous works," because I have not studied them well. For example, there was social foundation for the prevalence of Sartre's existentialism after World War II. As a result of bitter and great tragedy in life, people reflected their psychology and spirit of perplexity, and tried to seek a way out. What was the meaning of life after all? The existentialism preached by Sartre was very influential. Today, it is brought up again, and has spread unchecked. Does this mean that we also want our youths to think: What is the meaning of life after all? I do not understand all this.

Furthermore, Freud's subconsciousness was an original idea, which was of academic value. It has been introduced to China recently, and some people are particularly interested in his "sex psychology," which has become a topic of literary creation, and is spreading unchecked. This has given rise to some vulgar, obscene and pornographic literature and artistic works, which even involve secondary school students. This has produced a very bad influence. It reminds me of when Freud's "sex psychology" was introduced into China in 1930's, Dr Zheng Jingshen wrote "A Story of Sex" which poisoned many of our youths. We should learn good things from foreign countries. But we should not worship, or fawn on them. Emphasis must be placed on ourselves, although we should also be magnanimous and tolerant. When recommending things foreign, we should, first of all, do the work in a selective way. If we are prompted by the thinking that "all things foreign are good," or merely seek "something which can make money" to preach those bad ideas to arouse a fervor without considering the consequences, or criticizing the side effect, where will we lead our youths to?

While absorbing the essence of world culture, we should on no account look down upon, or negate the fine cultural tradition of our country, and nation. We should not lose our national self-respect and sense of pride.

Ours is a great country. Our nation is a great nation which is both old and young. The four modernizations promoted wholeheartedly by one billion people in our country is an unprecedented and earth-shaking great undertaking. All descendants of the Yan and Huang emperors and the successors to the dragon must have a sense of pride and honor. Our country is beautiful and naturally richly endowed. [paragraph continues]



Rivers of 30,000 li in length are flowing eastward to the sea, and the mountains of 5,000 ren [an ancient measure of length] in height tower to the sky." Our 6,000-year-old fine cultural tradition since the dynasties of Xia, Shang and Zhou is glittering in the history of the development of human civilization. It is unnecessary for us to mention all these. Just look at our literature. Our poetry, prose, novels, ci, fu, great writers in history, all shine in the history of our literature like the big dipper. With regard to the treasures of our country, they are by no means inferior to the great works of the world, and the works of great authors. Our great works have not yet been translated in a planned way, and have not yet been introduced to foreign countries. Many countries are still not familiar with the names such as Lu Xun, Guo Moruo, Mao Dun, and others. They know nothing about our earlier writers such as Qu Yuan, Sima Qian, Du Fu, Li Bai, Guang Haiqing, Wang Shipu, Cao Xueqin... The gems are covered with dust. This is a distressing matter. What is more distressing is that some Chinese do not regard them as gems. On the contrary, they are enthusiastic in picking up the old brooms discarded by foreigners, and regard them as something valuable. In recent years, some queer poems, which are hard to understand, and queer writings, which are full of new expressions, and some unintelligible novels, which puzzle the readers have appeared in our literary field. Readers complain a lot and experts shake their heads. Some people are indifferent to, or even completely negate the fine literary tradition of the motherland. On the contrary, they "pick up" things foreign, whether they are stinking or fragrant, and regardless of the consequences. For the Chinese people who are living in the 1980's, and building socialism with Chinese characteristics, is it all right for them to be devoid of, or lack the sense of national pride? Is it all right for them to always think that the moon in foreign countries is rounder than that in China? Last year, several foreign writers and literary and art theoreticians of the Chinese origins told the Chinese writers again and again: Only those works with national style can enter the world and shake it. Works of the modernist school have now been discarded in foreign countries as worn-out shoes. I hope that those comrades, who regard all things foreign as good, will listen attentively to their earnest advice, and think the matter over again and again, and see whether what they have said carries a lot of weight.

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WAN LI ENDORSES LIU BINYAN'S 'SECOND KIND OF LOYALTY'

WA030032 Nanning GUANGXI RIBAO in Chinese 28 Oct 86 p 3

[Article by Cheng Haoguang (4453 6275 0342): "We Urgently Need the 'Second Kind of Loyalty'"]

[Excerpts] "The Second Kind of Loyalty," a lengthy piece of reportage written by Liu Binyan, depicts protagonist Chen Shizhong [7115 0013 1813] as having submitted criticisms of "leftist" policies and theories to the CPC Central Committee as early as 1962. When he was in prison in 1964, Chen again risked his life by writing an article of several hundred thousand words entitled "Admonishing the Party," which called for democratization of the decisionmaking process and opposition to subjective, arbitrary decisionmaking and blind obedience. He remained imprisoned until 1977 and is now a lecturer at the Harbin City Worker's Sparetime University. Chen's loyalty is a "second kind of loyalty" which is characterized by independent thinking, a sense of social responsibility, and the individual's responsibility to society and history. Thus Wan Li, when speaking with Liu Binyan at the National Symposium for Soft Science Research, said: "The reforms currently underway in China require not only the first kind of loyalty epitomized by Lei Feng but also the 'second kind of loyalty' demonstrated by Chen Shizhong." The second kind of loyalty is a truth obtained through serious examination of the "Cultural Revolution" and is a virtue revolutionaries should possess.



Even an enlightened ruler of a feudal society would value this second kind of loyalty. During periods of peace and prosperity, such as the Zhenguan era [of the Tang dynasty] and the Kangxi and Qianlong eras of the Qing dynasty, the rulers typically were more enlightened and receptive to advice. As history -- both ancient and modern, Chinese and foreign -- shows, rulers who paid close attention to their subjects and valued highly the second kind of loyalty, drawing on the wisdom of the masses and revising their policies accordingly, enjoyed reigns characterized by material abundance, cultural brilliance, popular contentment, and national vigor. By the same token, arbitrary, despotic rulers who scorned this second kind of loyalty presided over periods of economic deterioration and disaster for both the state and the people. [passage omitted]

As we reform our political system, build a democratic society, and create a harmonious social atmosphere, we must not ignore the problems mentioned above or abandon the second kind of loyalty.

#### SONG JIAN PRAISES REFORM, DEVELOPMENT IN SCIENCE

OW030837 Beijing XINHUA Domestic Service in Chinese 1505 GMT 2 Mar 87

[Text] Beijing, 2 Mar (XINHUA) -- At the second session of the Third National Congress of the China Association for Science and Technology on 2 March, Song Jian, state councillor and minister in charge of the State Science and Technology Commission, made a speech, entitled "Reform and Development in Science and Technology." He pointed out: Since the party Central Committee announced the decision on scientific and technological structural reform 2 years ago, we have made important headway, and our scientific and technological achievements have more rapidly served economic construction. We have markedly changed the situation in which our scientific and technological work is separated from economic construction.

Song Jian elucidated the in-depth plan for China's current scientific and technological work, and stressed that the major goal of today's scientific and technological work is still to improve the skills and equipment for industrial and agricultural production, and quadruple total industrial and agricultural output value. To reach this major goal, we must carry out our task involving all trades, including tackling key problems in the field of science and technology, technological transformation in enterprises, developing agriculture, forestry, animal husbandry and fishery, developing the light and textile industries, and the spark plan, which develops our rural economy. He thanked comrades in the field of science and technology for warmly supporting the spark plan. He said: The State Council has decided to carry out the Spark Plan on a long-term basis.

Song Jian also said: The state will conduct investigation and study to formulate China's policy on research in basic science. Some comrades think the state does not attach great importance to this. This is a misunderstanding. The state has to consider the demand for reaching our major goal and the limited funds available. Currently, research in basic science can only lay particular emphasis on those projects which maintain more ties with the development of the national economy and the technology of production, and play important roles in developing and exploiting China's resources.

The Second Plenary Session of the Third National Congress of the China Association for Science and Technology lasted 4 days and closed in the afternoon of 2 March. The session discussed the work of the China Association for Science and Technology and developed an overall academic exchange. The session approved the documents on the China Association for Science and Technology implementing the CPC Central Committee's resolution concerning its guiding principle for promoting socialist spiritual civilization.

ZHOU GUCHENG ON CPC ROLE IN MODERN HISTORY

HK040245 Beijing BAN YUE TAN in Chinese No 3, 10 Feb 87 pp 9-11

[Article by BAN YUE TAN reporter: "The Leading Role of the Chinese Communist Party as Viewed From China's Modern History" -- an interview with historian Zhou Gucheng]

[Text] In the face of the statements and actions against the party's leadership made by the persons advocating bourgeois liberalization in society, and after reviewing China's modern and contemporary history, Zhou Gucheng, a noted historian over 80 years old, pointed out the angle of history that "the leading position of the Communist Party of China is an inevitable result of the development of the Chinese history."

At a group meeting of the 19th Conference of the Standing Committee of the National People's Congress held on 16 January, the remarks made by Vice Chairman Zhou Gucheng carried people's thinking back to those previous years. He said that it is exactly 160 years from the Opium War to the end of this century in the Chinese century. The time for the founding of the Communist Party of China was roughly in the middle of this period. So far, the development and changes in Chinese history have been enormous. After suffering a defeat in the Opium War, our country fought with the invaders from France, Japan, and other countries and suffered one defeat after another. Notwithstanding the political reform during the reign of Emperor Tongzhi and the Reform Movement in 1898, no progress was made. With the invasion of the Eight-Power Allied Forces and the Qing government's surrendering the country's sovereign rights under humiliating terms, almost all the imperialist countries came to bully us. Being a great man, Dr. Sun Yat-sen led the people in overthrowing the feudal autocracy in an effort to set up a capitalist country. However, as a result of the tangled games among warlords, he failed to score the final victory of the democratic revolution. In his remaining years, he even discovered that capitalism does not work in China. Relying on his 3 million troops, Chiang Kai-shek launched a civil war in an attempt to destroy the Communist Party and lead China onto the capitalist road. Nevertheless, the Chinese people opposed his proposition, smashed the dynasty of the Chiang family and drove him to the island of Taiwan. Therefore, we can say that the modern history of China is a bankrupt history of capitalism. Taking the road of socialism under the leadership of the Communist Party of China is an inevitable outcome of the development of the Chinese history and a historical choice of the Chinese people independent of the will of any individual.

"As an old man over 80 years old, I have personally experienced contemporary history." Zhou Gucheng reminisced that following the spread of Marxism and Leninism to China and the establishment of the Communist Party, Chinese society began to walk uphill. Under the leadership of the party, it took the Chinese people 28 years to remove the three big mountains and found new China.

"On the day of the founding ceremony of the state, I was invited to stand on the rostrum of Tiananmen. I personally heard Comrade Mao Zedong proclaiming the founding of the People's Republic of China and saw the first five-star red flag be hoisted. With our eyes brimming with warm tears, those of us who had been bullied by foreign countries really felt that the Chinese people had stood up and from then on would not be bullied by the imperialists. We were heartily grateful to the Communist Party of China.

"Not long after the founding of New China, the War To Resist U.S. Aggression and Aid Korea broke out. Even though we were in a disadvantageous position in terms of both armaments and equipment, together with the Korean people we defeated the powerful U.S. imperialists and thus safeguarded our homes and our country. During the process of the development of socialist construction, notwithstanding the mistakes and setbacks, the economy was developed; the people's livelihood was improved after all; and our country became an independent country. Although the upheaval of the "Cultural Revolution" took place during this period, the Communist Party of China corrected the mistakes itself and once again led the people of the whole country to bring order out of chaos, making the country once again march forward. The spirit of the Communist Party of China to dare to make self-criticism and serve the people whole-heartedly is well-known in the world."

Zhou Guohong, in particular, gave a review of the flourishing development of the country and the nation in recent years. He said that since the 3d Plenary Session of the 11th CPC Central Committee the party has led the people of the whole country to shift the stress of work onto economic construction, thus the social productive forces and the economy were greatly and rapidly developed and the people's livelihood remarkably improved. As the rural and urban areas have successfully carried out the economic structural reform, vigorous developments have been made in science, education, culture, public health, and other areas. Therefore, we can say that the country has at last taken a correct road which is in conformity with the national conditions in our country. This is obvious to all.

"History has proved that without the correct leadership of the Communist Party of China we could not possibly have such an excellent situation today. Under this upward and progressive situation, the party is also leading us to vigorously develop socialist democracy and strengthen the socialist legal system. It has led the people to formulate a Constitution and a series of laws. Meanwhile, the party also applies the Constitution and laws to confine its actions. This is great self-perfection.

"The party has made outstanding achievements in leading the people to engage in construction. This is something which was never achieved by any political parties or regimes. Politically speaking, the Communist Party of China is a nucleus with a great cohesive force. As it has united all the democratic parties and the people of all nations in the country, the unprecedented situation of unity has thus arisen in our country and nation. Without the cohesive force of the Communist Party of China, the Chinese people would still be in a state of disunity and be passively and wilfully beaten and bullied by foreign countries. I deeply feel that this cohesive force of the Communist Party is growing. This kind of cohesive force is not to be undermined and cannot be undermined. This is because whoever undermines it, the people, as well as history, will not forgive him."

Mr. Zhou sincerely and earnestly said that "due to a lack of knowledge of Chinese history, some young people are often cheated by some people who advocate bourgeois liberalization. We are duty-bound to explain these facts and reasons to them and let them know why they should love the motherland, party, and socialism and understand that only by upholding the four cardinal principles can China have a way out and they themselves have a future."

After listening to the speech made by the old man Zhou Guohong, the participants all believed that what he said was quite profound and convincing.



COMMENTATOR WAGES CORRECT COMPILATION OF ANNALS

HK030537 Beijing RENMIN RIBAO in Chinese 28 Feb 87 p 1

[Commentator's article: "Do Not Stir Up a Wind By Compiling Annals and Chronicles"]

[Text] Compiling annals and chronicles has been in vogue in some places for a time, and it is becoming a common practice. It has been learned that many counties, villages, schools and factories were busy compiling their annals, and even party and government organizations were plunged into composing the "chronicles of ministries and departments." When the wind was stirred up, they got busy setting up offices and transferring cadres. They have dragged in a large number of people to do the job and wasted a lot of money and manpower. Such an evil wind must be stopped immediately.

Compiling annals and chronicles has a long history in our country. In the new period of socialist construction, doing a good job of compiling annals and chronicles can promote the building of the two civilizations. Since the 3d Plenary Session of the 11th CPC Central Committee, we have made some progress in collecting and sorting out the data of party history and in compiling local chronicles. This carries a deep understanding for setting history straight, inspiring people's fighting will and educating later generations.

However, in compiling annals and chronicles, we should proceed from actual conditions and do the work in a planned and systematic way just as we do other work and should think over the necessity and possibilities. Our country is vast and different regions differ greatly. Therefore, the task of compiling local chronicles is very hard. It is impossible to accomplish the task in a short time and it is unlikely that all localities can start simultaneously. If conditions are not ripe in some localities, then the task of compiling their annals can be postponed. Rushing headlong into mass action in compiling local chronicles gets us absolutely nowhere. All ministries, departments and offices of party and government organizations engage in practical work and their staffs are mobile. If they are also required to concentrate a certain number of people on compiling annals and chronicles, it really causes trouble. What is more, some organizations even invited a certain number of veteran comrades to give them "advice," spending a large amount of money on transportation and big dinners. Such practices should not be encouraged because it goes against our party's glorious tradition of hard struggle.

The work of both collecting and sorting out the data of our party's history (including our Army's history) and compiling local chronicles must be done in earnest. To accomplish the work successfully, we must carry out exhaustive investigation and study and take a rigorous scientific approach and a responsible attitude toward the party and coming generations. If we are overanxious for quick results and unwilling to do hard work but concentrate efforts on inviting distinguished and prominent personages to forums or seminars for "recalling the past and granting instructions" as some localities or departments did, then the annals and chronicles compiled in such a way can hardly be relied on. Meanwhile, some people may take advantage of recalling the past to build up their own public image. This leaves hidden troubles in the work of compiling annals and chronicles.

In short, the work of compiling annals and chronicles should proceed from actual conditions and be put in a proper place. In compiling annals and chronicles, we should neither stir up an evil wind and unhealthy trend nor waste the wealth and materials of the country.

GU MU ADDRESSES TOURISM EXPERTS ON REFORM

OWO21930 Beijing XINHUA in English 1526 GMT 2 Mar 87

[Text] Beijing, March 2 (XINHUA) — Basic problems in China's tourist industry are hindering its development, and it is in urgent need of reform, experts in the tourist trade said here today.

"One of the major problems is that many localities still do not have independent tourism administrative offices, so the management of hotels and tourist enterprises usually come under different departments," they said, "and this hinders the industry's development."

Gu Mu, state councillor and head of the Tourist Industry Coordination Group under the State Council, set the mood for the reforms at a national meeting of tourist administration leaders.

He said, "Tourism reform will be a basic task this year, and an outline for the reforms should be worked out as soon as possible."

"All localities should set up independent tourist administrative offices, and the National Tourist Administration should draw up unified policies, and exercise better overall control over the industry," Gu Mu said.

"In the future, construction of tourist hotels and other facilities should be part of a local plan, and should be approved with the participation of the local tourism administration", he pointed out.

"The reforms should benefit overall state control, promote tourist enterprises and the cooperation between tourist enterprises of different localities, and earn more foreign currency for the state," the state councillor said.

In his speech, Gu also stressed the importance of establishing China's own hotel management groups.

"China boasts rich tourist resources and there is a great potential for the industry's development," Gu said, "so eventually we should have our own 'Sheraton' and 'Holiday Inn' type hotel management groups."

He called on local tourist enterprises to diversify tourist programs playing up unique local and national features, and to provide better service to foreign tourists.

"This year's state investment to the tourist industry," Gu said, "will be focused on major tourist areas including Beijing, Xian, Shanghai, Hangzhou, Guilin, Guangzhou, Hainan Island and Jiangsu Province."

"More attention should also be given to tourist areas now popular with overseas tourists, such as the Yangtze River," Gu said, "and some new scenic spots in Sichuan, Yunnan and Guizhou Provinces and the Xianjiang Uygur Autonomous Region should be developed."

In order to improve service, more hotels and tourist facilities should be constructed, and at the same time efforts should be stepped up to train more qualified service personnel, Gu pointed out.

CHENG MING ON OPPOSING LIBERALIZATION IN SHENZHEN

HK020851 Hong Kong CHENG MING in Chinese No 113, 1 Mar 87 pp 19-21

[Article by Zhao Chong (6392 0394): "Everyone Must Pass the Test While 'Opposing Capitalism' in Shenzhen"]

[Text] The State Council held the annual Special Economic Zone [SEZ] work conference in Shenzhen on 6 February 1987. State Councillor Gu Mu personally presided, with the participation of leading members of the four SEZ's: Shenzhen, Zhuhai, Shantou, and Xiamen. It is said that the Shenzhen SEZ went to great lengths to brag about its "victories" in opposing bourgeois liberalization as their "advanced experiences" to brief other SEZs. "Shenzhen has stood in the forefront of 'opposing bourgeois liberalization,'" was a statement made by Mayor Li Hao at a meeting not long ago.

Everyone Must Make Confessions to the Party and Pass the Test [subhead]

It is true that the struggle to oppose bourgeois liberalization is continuously "exploiting victory" with the specific task carried out by specific measures. Shenzhen has marched to the forefront in this struggle throughout the nation. The fire of "opposing bourgeois liberalization" has recently spread to joint ventures. Humorously, the workers of joint ventures say: What Premier Zhao Ziyang said about excluding non-party members and masses from the campaign to oppose bourgeois liberalization and refraining from expanding the scope is not applicable to the SEZs.

Why should the workers and staff say that? It is said that concert halls, ballrooms, bars, and coffee shops with musical entertainment run by joint ventures are already regarded as sites for spreading the ideas of bourgeois liberalization. Therefore, the compulsory "spread of Mandarin" (to oppose things done in Hong Kong style) is to begin right now, and the singing of revolutionary, and traditional songs is upheld (to oppose popular songs.)

Not long ago, the prize-giving ceremony for the 10 best sportsmen took place in Shenzhen; the department concerned had invited such Hong Kong celebrities as Liza Wang and Li Han-hsiang to present the prizes to make the ceremony a grand occasion. However, after the ceremony began, Liza and the other special guests were never invited to come up the platform to present the prizes to the sportsmen, and were given a cold reception. Greatly angered, Liza Wang returned to Hong Kong ahead of schedule, loudly complaining about her treatment by the Shenzhen authorities. Later, hearsay had it that Qin Wenjun, Shenzhen "City CPC Committee deputy secretary" believed that such a ceremony would make the CPC lose face, and had a scent of "bourgeois liberalization," therefore, he gave the order to annul the qualification of the special guests from Hong Kong to present the prizes.

What is more surprising is that a large Shenzhen SEZ Development Corporation has recently issued forms on opposing bourgeois liberalization to be filled in by all cadres, workers and staff, who were required to answer all questions with the truth, and nothing but the whole truth. The form included the following questions:

— What speeches in line with bourgeois liberalization have you ever heard?



-- What speeches in line with bourgeois liberalization have you ever delivered?

-- What attitude do you adopt in unfolding the campaign to oppose bourgeois liberalization?

A Shenzhen cadre told the reporter that this practice completely falls in line with the way of "making confessions to the party" during the Great Cultural Revolution. The Central Committee has said that the current struggle "to oppose bourgeois liberalization" will not be conducted in the form of political campaign, and the scope of the struggle is not to be expanded, but Shenzhen is making everyone pass the test.

At a union work conference, Zhang Hanming, chairman of the Shenzhen City Federation of Trade Unions explicitly declared (as reported by the Shenzhen press): The SEZ workers will never allow the ideological trends of bourgeois liberalization to spread unchecked in the SEZ; the 150,000 SEZ workers standing at the forefront of reform and opening up will become the main forces in opposing bourgeois liberalization.

#### A 5-Million Investment in Opposing Liberalization [subhead]

The reason Shenzhen has pursued the practice of making everyone pass the test has some connection with Lin Ruo kindling the flames in the SEZ. In Guangdong and even throughout the nation, the Shenzhen SEZ ranks first in going to excesses to oppose bourgeois liberalization. In early January, when Lin Ruo came to kindle the fire in Shenzhen, the SEZ campaign activists started to take action, and the SEZ ideological domain that had been rather "weak" in the past was "strengthened" all of a sudden.

During his stay in Shenzhen, Lin Ruo visited the Shenzhen City CPC Committee Party School located in the northeastern part of the city. He was very unhappy about the buildings and backward equipment of the party school, believing that such a party school would not produce any cadres, and made many suggestions.

In fact, the Shenzhen City CPC committee had all along neglected the building of the party school. The party school buildings are dwarfed by the residential buildings surrounding them, in discord with the modernized environment and atmosphere of the neighborhood. However, the city party committee had its grounds, because the SEZ economic lifeline is not state-run enterprises, but joint ventures, while the latter implement the responsibility system of the manager (factory director,) and there is no place for the leadership of the party committee. Therefore, Shenzhen found no particular need for "strengthening the building of the party school." On the other hand, the 6-story city government building constructed with the approval of the city party committee drew fire a few years back, and a Hong Kong newspaper criticized the building as a typical monument to the waste of money and of the efforts of the people not long ago, since the latest "modernized decoration" involved several million yuan in expenditures. The criticism very much annoyed the city party committee. The responsible person of the city party committee said that actually, not that much had been spent; the figure was exaggerated several times. Therefore, the city party committee refused to spend too much money in building a party school that had no practical use.

Why should Lin Ruo make such a great fuss about the party school, and arrange a special trip to visit it? This is a long story. [paragraph continues]

Lin Ruo was in a fit of temper when he spoke at the recently held provincial work conference on propaganda and education, saying that, not long ago, the provincial party committee party school invited a democratic personality to give a report at the party school. This person began his speech saying: I am here today to say something against the party. Among the audience were around 1,000 cadres, leading members of party organizations of all fields from all areas of the province, as well as teachers of the party school, but there was no reaction at all to that statement. That was annoying!

Therefore, if Lin Ruo is to grasp the building of party schools, and to change the situation of "liberalization" among party cadres characterized by their "weakness and incompetence," he will not turn a deaf ear to "anti-party speeches." Under Lin Ruo's high political pressure, the SEZ CPC Committee has to "oppose bourgeois liberalization with a clear-cut stand," and to intensify the economic investment in the ideological domain. The city party committee has recently decided to invest in three major projects in this respect, two of which are already in the budget, a total sum of 5 million yuan:

The first project is the Shenzhen Party School, with an investment of 4 million yuan for the construction of new school buildings and the import of modern teaching equipment.

And the second project is the "Dajiale" [Fun for All] (Shenzhen City Center for Teenagers' Activities), with an investment of 1 million yuan, to enlarge its site and increase its equipment to carry out education in revolutionary traditions and communist ideals. (Note: before the allocation of funds arrives, the center in question has already organized teenagers to sing revolutionary songs in a big way every evening to resist the "corruption" of Hong Kong and Taiwan pop songs and other bourgeois ideas.)

At the same time, another major investment project is underway -- the building of a large-type modernized concert hall to be devoted to the performance of revolutionary songs and traditional programs, to resist the Hong Kong and Taiwan style of performing and Western bourgeois decadent culture.

#### Opposing Liberalization and Power Struggle [subhead]

Shenzhen has become a pace-setter in the current campaign to oppose bourgeois liberalization, which has further expanded in scope, deviating not only from the track of rule by law but also the track of rule by man and even Deng Xiaoping's track of rule by man. This is because Deng's original intention was to punish some people as a warning to others, but in Shenzhen the majority have been attacked. The latest news indicated that the SHENZHEN QINGNIAN BAO [SHENZHEN YOUTH,] stopped publication in mid-February after it had made a self-criticism; and the TEQU GONGREN BAO [SEZ WORKERS' DAILY] would not survive past the end of February. The more than 200 workers and staff of the two newspapers face unemployment -- the direct result of the current campaign to oppose bourgeois liberalization.

Another phenomenon not known to ordinary people is that the current campaign to oppose capitalism is in a rather abnormal development, which is clear to those Shenzhen cadres who knew the inside story. Economic causes aside (joint-ventures basically oppose the "adherence to the four cardinal principles", ideologically speaking), the campaign is not just to adhere to the four cardinal principles and to oppose bourgeois liberalization, but to a large extent, a power struggle. The SEZ political arena is filled with a strong smell of gunpowder of late.

First, a contention between the maintenance of power and the seizure of power is under way in the city party committee at present. Rumors are flying in Shenzhen that "Zhou Erkang will fall, and Li Hao is in great trouble."

Zhou Erkang, the former secretary general of the city party committee, current member of the city party committee Standing Committee and vice mayor, has become a key target in the current campaign to oppose bourgeois liberalization. It is said that he "half-openly" approved of Qian Chaoying's viewpoint in the article "I Am For the Retirement of Comrade Xiaoping," carried in the SHENZHEN QINGNIAN BAO. Some people in the city party committee are mobilizing cadres and masses everywhere to "expose" Zhou Erkang's "criminal activities" in bourgeois liberalization.

Most active in the campaign to oppose bourgeois liberalization in Shenzhen are two people; one is Deputy Secretary Qin of the city party committee, who was transferred here from Guangzhou, a trusted follower of Lin Ruo, and formerly director of the provincial CPC committee policy research office. As soon as the campaign to oppose liberalization started, Qin rapidly took action, and personally grasped public opinion, writing and revising articles on opposing capitalism for the city party organ, SHENZHEN TEQU BAO. The paper in question prepared three "Commentator's Articles of This Paper" on the campaign. The commentary entitled "Plunge Into the Struggle To Oppose Bourgeois Liberalization" published on 19 January was his masterpiece (the other two articles are not yet published). He made insinuations and oblique accusations in his article. For example, there used to be a "Yellow skin, dark eyes" column on the second page (speeches) of the SHENZHEN QINGNIAN BAO, devoted to the discussions on the Chinese concepts and their changes. In his commentary, he says, the paper has shown a particular interest in "black and yellow," and attempted to lead those readers who had no idea of the truth about the SHENZHEN QINGNIAN BAO to pornography, gambling, drugs, and the underworld. How vicious its attempt was!

Qin has purposely magnified and criticized "the trends of bourgeois liberalization" in Shenzhen, with the spearhead against Li Hao, city CPC Committee secretary and concurrently mayor, and has held him responsible for the "grave bourgeois liberalization" in Shenzhen. It is his wish to see the fall of Li Hao so he himself takes over. Therefore, the cadres of Shenzhen have shown forgiveness for Mayor Li Hao, believing that Li's recent pose of "opposing bourgeois liberalization with a clear-cut stand" is aimed solely at maintaining his office and has no other purpose whatsoever.

Another epicenter of the earthquake in the Shenzhen political arena is the Shenzhen City CYL Committee, the direct supervisor of the SHENZHEN QINGNIAN BAO. Just as active as Qin is Xie, city CYL committee deputy secretary, who intentionally magnified the SHENZHEN QINGNIAN BAO incident, holding Liao Junwen responsible for the bourgeois liberalization in the newspaper and youth work, while he himself waits for an opportunity to seize power.

It is said that a similar situation exists in other units, including the TEQU CONGREN BAO to varying degrees.

The "gravity" of bourgeois liberalization in Shenzhen as well as Guangdong did not develop overnight. It is the result of the continuous reforms and opening up of many years. Neither is Lin Ruo a newly appointed provincial CPC committee secretary. If the responsibility for the "bourgeois liberalization" in Guangdong is to be investigated and affixed, will Lin Ruo be held responsible? [paragraph continues]



As provincial CPC committee secretary for such a long time, how could he have failed to see it? How could he shift all the responsibility to others as soon as the Central Committee started to criticize the phenomena?

That Fellow Lin Ruo [subhead]

The accomplishments of Guangdong in opening up and reform do not belong to Lin Ruo. Not long ago, he commended the Guangzhou based XIANDAI REN BAO [OUR CONTEMPORARIES], which upheld opening up and reforms, saying that it was a rare precious paper, run by a few hands but with great effect throughout the nation. This has become his style of reform by showing concern for the media and its reform. However, with the rise of opposing liberalization, Lin Ruo has put on another face, and the XIANDAI REN BAO has now become "the most aggressive in bourgeois liberalization," and the first to stop publication in the province.

There is something ambiguous in Lin Ruo's political personality, but he himself does not admit it. Not long ago, the Huacheng Publishing House published "The Ugly Chinese," a collection of essays by the Taiwan writer Bo Yang. In the current campaign to oppose liberalization, Lin Ruo sent for Wang Man, the responsible person of "Huacheng," and gave him a good talking to, saying: "Huacheng" has already made a lot of money through opening up and reform, why did you publish "The Ugly Chinese"? Are the Chinese ugly? Well, I'm not! Some people say, Lin Ruo knows nothing about the essence of "The Ugly Chinese," he just has an instinctive repugnance to anything said against China.

When the party mouthpiece lavished praises on Lin Ruo, they stressed his meticulous and in-depth work style; but the facts ran counter to such propaganda. Not long ago, Lin Ruo made an inspection tour of Huiyang Prefecture shortly after he did the Meixian area, and both inspections were done in a hasty and casual manner. On the eve of his arrival in Zijin, the first stop on his way from Meixian to Huiyang, he personally made a long distance call to the Zijin County CPC Committee secretary. At that time, some reshuffling in the personnel had just taken place, and the operator of the telephone bureau was not aware of this so he asked to switch the call to the residence of Xu Danhua, the former secretary. Xu had already left office, and had been transferred to work in some prefectural office. He had not yet reported to the new office, and was on leave at home in Zijin. When the phone rang, he was taking a bath, and his youngest son answered the phone. Lin Ruo was not happy at the voice of a child at the other end of the line. The boy knocked at the door of the bathroom, saying that it was a call for the county CPC Committee secretary. When Xu Danhua learned that the call was for the secretary, he was in no hurry, and got out of the bathroom after quite a while. The voice (Lin Ruo's) on the other end of the line asked: Is that the county CPC committee secretary? Xu tried to explain the case, saying in a roundabout way: Well, I used to be, but I no longer am... When Lin Ruo who was already at the end of his patience heard this, he was very much annoyed, and said something foul. Xu Danhua was at first angered (because a county CPC Committee secretary is not to be offended,) then he asked who was speaking at the other end of the line. Lin said: I am Lin Ruo! After that, Xu Danhua had to play the lamb.

The following day, when the motorcade of Lin Ruo and his party arrived in the county site of Zijin, the county CPC Committee had arranged for them to inspect a district according to the plan. However, Lin Ruo and his party decided not to inspect that district, but another one. [paragraph continues]

Because it was a whimsical change in the schedule, the other district was given no advance notice and the district leadership was nowhere to be found when they arrived. Finding nobody to report on work conditions, Lin Ruo was annoyed. Then they turned their motorcade back to the county seat. To receive Lin Ruo and his company, the county CPC committee sought game and precious sea food from the free market at high cost. The banquet was arranged for 1600, but before the clock struck 1300, Lin Ruo and his party had already returned to town. The food was not yet ready, and it was impossible to start the banquet right away. Lin Ruo was very much annoyed about it, and said: Call it off, and we'll take whatever there is and go! The Zijin cadres said: Lin Ruo's behavior is very much like a feudal emperor! Zijin used to be a famous Soviet area of the CPC in Guangdong. It is still poverty-stricken today. Lin Ruo's behavior has greatly disappointed the people in this old Soviet area.

The abnormal behavior of Lin Ruo in the current campaign to oppose liberalization does not explain that he has taken a firm stand with the proletariat in essence. To put it bluntly, he and Qin of Shenzhen are two of a kind, and both are climbing the ladder up officialdom, from the local to the central level. Before the official announcement of the appointment of Wang Renzhi as director of the CPC Central Committee Propaganda Department, Lin Ruo had been one of the most popular candidates for the post. All this was the result of his recent fanatic actions in opposing bourgeois liberalization!

The accomplishments of Guangdong in opening up and prospering have nothing to do with Lin Ruo. People in Guangdong say, the several leading members of Guangdong in recent terms including Xi Zhongxun and Yang Shangkun were just so-so, and the best one was Ren Zhongyi. When we see Guangdong enjoying an irreversible situation of reform today, we should never forget the feats of Ren Zhongyi.

#### MAIN POINTS OF EDUCATION IN CARDINAL PRINCIPLES

HK270821 Beijing JIEFANGJUN BAO in Chinese 17 Feb 87 pp 1, 4

["Main Points of Education in Adhering to the Four Cardinal Principles and Opposing Bourgeois Liberalization (Excerpts)" -- JIEFANGJUN BAO headline]

[Text] I. Adhering to the Four Cardinal Principles and Opposing Bourgeois Liberalization Is an Important Matter Which Has a Bearing on the Future and Destiny of Our Party and Country [subhead]

Aim:

It is necessary to clearly understand the nature and important significance of the struggle against bourgeois liberalization, to completely and correctly understand the line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee, to make it clear that the four cardinal principles are the foundation for our country and Army, to resolutely support the policy decisions of the CPC Central Committee, and to take a clear-cut stand in adhering to the four cardinal principles and opposing bourgeois liberalization according to the principles, policies, and arrangements of the central authorities.

**Main points:**

1. Comrade Deng Xiaoping's important speeches correctly analyze the current political situation in our country, point out the extreme importance of adhering to the four cardinal principles and opposing bourgeois liberalization, expound the correct principles of the central authorities, and have important practical, and profound historical, significance in upholding and developing the excellent situation of stability and unity and guaranteeing the smooth progress of reform, opening up, and socialist modernization. Seriously studying and implementing Comrade Deng Xiaoping's speeches and the spirit of the relevant central authorities' documents and taking a clear-cut stand in adhering to the four cardinal principles and opposing bourgeois liberalization is an important matter confronting our whole party.
2. Adhering to the socialist road, people's democratic dictatorship, CPC leadership, and the Marxism-Leninism-Mao Zedong Thought is a basic political principle which cannot waver at any time. It reflects the historical law of development and is the basis for the founding of our country and Army and the common political foundation for the unity and advance of our whole party, whole Army, and people of all nationalities throughout our country. It is also our criterion for distinguishing between right and wrong and for all our actions. If the four cardinal principles are shaken the whole socialist cause will waver.
3. The core of indulging in bourgeois liberalization is to oppose CPC leadership, negate the socialist system, and advocate the capitalist system in an attempt to lead China onto the capitalist road. This basically violates the four cardinal principles. If we take a weak and laissez-faire attitude toward this ideological trend and allow it to run rampant, the cause of socialist modernization will be ruined. The current struggle for adherence to the four cardinal principles and against bourgeois liberalization has a bearing on whether or not the correct line and policies of the party can be continuously adhered to, on what kind of generation will succeed to our work, on the destiny of the party and country, and on the future of the socialist cause.
4. We oppose bourgeois liberalization because we want to completely and correctly implement the line since the 3d Plenary Session of the 11th CPC Central Committee. Adhering to the four cardinal principles and to the principles of reform, opening up, and invigoration, are two basic points in the 3d Plenary Session of the CPC Central Committee line. Both are related to each other and are indispensable. Without stressing the four cardinal principles, reform, opening up, and invigoration will lose their correct orientation and have no guarantee. Without stressing reform, opening up and invigoration, the social productive force cannot quickly develop and socialism with Chinese characteristics cannot be built. Bourgeois liberalization both opposes the four cardinal principles and interferes with and sabotages reform, opening up, and invigoration. To adhere to the line and principles, and domestic and foreign policies since the 3d Plenary Session of the 11th CPC Central Committee, we must resolutely struggle against the ideological trend toward bourgeois liberalization.
5. The decision on personnel changes in the central authorities, which was made by the enlarged CPC Central Committee Politburo meeting has important significance in adhering to the four cardinal principles more vigorously, carrying out the struggle against bourgeois liberalization, guaranteeing the implementation of the party's line, upholding the political situation of stability and unity, and developing the excellent situation. The personnel changes will by no means affect and alter the party's current policies but will implement more correctly and completely the line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee.



6. To oppose bourgeois liberalization, we must regard as a criterion the line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee: act strictly according to the principles, policies, and arrangements of the central authorities. Our attitude must be resolute, and we must work carefully. This struggle must be strictly confined within the Communist Party and carried out mainly in the political and ideological sphere, with stress laid on solving problems of basic political principles and political orientation. It is necessary to pay great attention to the policy demarcation line, to always adhere to the principles of regarding positive education as the main work and of uniting the majority, and not to launch a political movement so as to carry on this struggle continuously and healthily.

#### China Has no Prospects Without Pursuing Socialism [subhead]

##### Aim:

It is essential to make it clear that the emergence and establishment of the socialist system in China is inevitable in historical development, the superiority of socialism has been and is being brought into play, and that the conviction of taking the socialist road with Chinese characteristics must be strengthened.

##### Main points:

1. Taking the socialist road is the inevitable conclusion of Chinese historical development and is a correct choice made by the Chinese people after the practice of long-term revolutionary struggle. The capitalist road will not work in China and only socialism can save China. Advocating that "socialism has been pursued too early" and that the necessity to "make up a missed lesson in capitalism" is, in essence, to lead socialist China onto the capitalist road. This basically runs counter to the orientation of historical development and the desires of the Chinese people.

2. In the past 30-odd years since the founding of our country, although our original economic and cultural foundations are very backward, although our socialist system is still at an elementary stage, although we had taken a tortuous road in socialist construction, we have scored great achievements which are obvious to all. The prosperous development of our socialist cause since the 3d Plenary Session of the 11th CPC Central Committee is universally acknowledged. In the wake of the continuous consolidation and development of the socialist system, its superiority will surely be further brought into play. There are brilliant prospects for our socialist cause. People said that our socialism was "an illusion devoid of content" and that our socialism was "unsuccessful." This slandered the great practice of the socialist revolution and construction carried out by the Chinese people and their aim was to shake and negate the socialist system.

3. The socialist system must go through a process of continuous improvement. Reform is self-improvement and self-development of the socialist system and the implementation of the policy of opening to the outside world serves as a supplement to socialist construction. While embarking on the four modernizations, we must never forget the subject term, socialism, and deviate from the socialist orientation. People took advantage of reform and opening up to advocate "total Westernization." Essentially, they totally negated the socialist system in an attempt to establish a capitalist economic and political system in China. People throughout the country will definitely not tolerate this.

III. Only by Adhering to the People's Democratic Dictatorship Can We Consolidate and Develop the Political Situation of Stability and Unity and Guarantee Smooth Progress in Socialist Construction [subhead]

Aim:

It is necessary to clearly understand the necessity and importance of adhering to the people's democratic dictatorship, the substantial difference between socialist democracy and capitalist democracy, and the relationship between democracy and the legal system and between freedom and discipline, and to conscientiously uphold the stability and unity of our country.

Main points:

1. The PRC is a socialist country under the people's democratic dictatorship and under the leadership of the working class with worker-peasant alliance as the foundation. The task of state power in our country under the people's democratic dictatorship is mainly to safeguard the socialist system and to lead and organize socialist construction. In our country, although the exploiting classes have been eliminated, due to domestic factors and under international influence, the class struggle will exist to a certain degree for a long time. Only by integrating the pursuit of democracy toward people, and exercising dictatorship over forces hostile to and sabotaging socialism, and over hostile elements, can we consolidate the socialist system, uphold the political situation of stability and unity, and defend and build socialism.

2. The nature of a country under the people's democratic dictatorship determines that in our country the people are the masters of the country and society. The essence of socialist democracy is that people are masters of their own affairs. Since the beginning of mankind's history, socialist democracy is the most extensive and truest democracy. Against this the democratic system in a capitalist country cannot be compared. Workers, peasants, intellectuals, and all laborers and patriots, who account for the great majority of the population, enjoy democratic rights protected by the Constitution. The allegation that our country has "no democratic factors" and "is basically implementing a system of autocracy and a system of state power centralization" is an attack which basically runs counter to the facts.

3. Building high-degree socialist democracy is the great target and one of the basic tasks of socialist construction. There is no socialism without democracy. To give impetus to the democratization of life in our party and country, over the past few years our party has made unremitting efforts and ushered in the best period of democratic life since the founding of our country. Building and perfecting socialist democratic politics is a gradually advancing process, and a large amount of long-term work must be done in a planned and orderly way under party leadership in the light of China's situation. We can by no means copy the Western method. Advocating that "it is necessary to keep abreast of the West in freedom, egalitarianism, and democracy" in a vain attempt to substitute bourgeois democracy for socialist democracy, basically runs counter to the desires of the masses.

4. Socialist democracy and the socialist legal system are inseparable. The legal system without socialist democracy is by no means a socialist legal system. Democracy without the socialist legal system and without discipline and order is by no means socialist democracy.

Any person who exercises democratic rights must do so within the scope of the Constitution and law and not infringe upon the interests of the state, society, and collective, and upon the legitimate freedom and rights of other citizens. The proposals "striving for democracy" and "striving for freedom" and advocating indulging in the "four bigs" (speaking out freely, airing views fully, holding great debates, and writing big character posters) is to negate socialist democracy and the socialist legal system, resulting in social turmoil.

5. Democracy and centralism, freedom and discipline equal dialectical unity. Building of democracy must be carried out in a guided way under the guidance of the four cardinal principles. All forms of freedom are conditional and in stressing freedom, we must abide by discipline. Stressing only democracy but not centralism, and stressing only freedom but not discipline will surely result in ultra-democracy, anarchism, and slack discipline and organization. Our Army is a highly concentrated and unified fighting organization and all activities in a democratic life must be beneficial to strengthening unity, enforcing discipline, improving leadership, unifying command, and enhancing the combat effectiveness of PLA units.

#### IV. Leadership by the CPC Is a Basic Guarantee for Victory in the Chinese Revolution and Construction [subhead]

##### Aim:

It is essential to understand that the CPC is the leadership core and the cause of the Chinese revolution and construction; to firmly trust party leadership; to resolutely implement the party's line, principles, and policies; and to struggle against words and deeds which oppose party leadership.

##### Main points:

1. Adhering to leadership by the CPC is the core of the four cardinal principles. The CPC's leadership status has been formed in the course of the Chinese long-term revolutionary struggle and universally acknowledged by people throughout the country. There is no New China without the Communist Party and this is a historical conclusion. Today, without the strong leadership of the Communist Party, 1 billion people would lose cohesive force and combat effectiveness and become a sheet of loose sand, and the four modernizations would stand no chance of success. The core of bourgeois liberalization is to oppose leadership by the CPC.

2. The CPC is a great, glorious, and correct party. It regards Marxism-Leninism-Mao Zedong Thought as the theoretical foundation to guide ideology and has strict discipline and the spirit of self-criticism. Although the party made some mistakes, including such serious mistakes as the "Great Cultural Revolution," it discovered and corrected them by itself. Although negative factors have existed in our party, it has and is taking measure, to overcome them. This shows that our party is mature and politically powerful, and has great responsibility for the interests of our country and people. Those who slandered by saying that the Communist Party "had not done many good things in 30 years" alleged that our party was "black," and proposed that "the color of our party should be changed," substantially tried, in vain, to change our party from a proletarian political party to a bourgeois political party.

3. Reform of the political structure must be carried out under party leadership.  
[paragraph continues]



The aims of political structure reform are to overcome bureaucratism, to make the organs of our party and country full of vitality, and to further strengthen party leadership over the socialist cause. Under the pretext of political structure reform, those who advocated "multi-party politics" tried in vain to cast off and abolish the party leadership.

4. The Chinese PLA is the people's army under the absolute leadership of the CPC. Adhering to party leadership is a basic principle and an excellent tradition in our Army building. At all times and in all circumstances, all commanders and fighters of the whole Army must resolutely uphold and obey party leadership and comply with CPC Central Committee commands in everything.

#### V. Marxism-Leninism-Mao Zedong Thought Is Forever a Guide to Our Action [subhead]

##### Aim:

It is imperative to clearly understand the Marxism-Leninism-Mao Zedong Thought is a banner for victory in the Chinese revolution and a guide to the socialist modernization of our country and to heightening conscientiousness in studying and adhering to Marxism-Leninism-Mao Zedong Thought.

##### Main points:

1. Marxism-Leninism-Mao Zedong Thought is the theoretic foundation of our party's guiding ideology. Victory in the new democratic revolution, socialist revolution, and socialist construction of China is a victory for Marxism-Leninism-Mao Zedong Thought. Since the 3d Plenary Session of the 11th CPC Central Committee, our party has used Marxism-Leninism-Mao Zedong Thought as a guide to formulate the line, principles, and policies conforming to the situation in our country and to impel the continuous advance of our socialist cause. It has also enriched and developed the theory of Marxism-Leninism-Mao Zedong Thought. This fully proves the strong vitality of Marxism-Leninism-Mao Zedong Thought and proves that persistently using it as a guide is the foundation for socialist modernization. Babbling that with Marxism as a guide, "a wrong conclusion can only be reached and there has been no positive success" completely runs counter to historical fact. Its crucial point is vainly attempting to negate the guide to party's action and to change the nature of our party.

2. Marxism is a scientific ideological system, the complete scientific world outlook of the proletariat and its party, and our powerful weapon to understand and transform the world. Confusing Marxism with general schools of thought and alleging that "it is a school of thought among a hundred schools of thought contending" is completely wrong. The essence of this is to negate the guiding role of Marxism.

3. Adhering to and developing Marxism in practice is unity. Without adhering to Marxism, we cannot develop it. If we do not unceasingly enrich and develop Marxism in practice, we cannot successfully adhere to it. Those who negate the basic principle of Marxism and advocate that Marxism is "already out of date" actually want people to abandon Marxism and to replace it with some bourgeois philosophy and social theories. Their aim is to lead China onto the capitalist road.

#### VI. All Commanders and Fighters of the Whole Army Must Take a Clear-Cut Stand in Adhering to the Four Cardinal Principles and Opposing Bourgeois Liberalization [subhead]

## Aim:

It is necessary to clearly understand that adhering to the four cardinal principles and opposing bourgeois liberalization is a long-term task, to define the duties shouldered by the Communist Party members and revolutionary fighters, to take a firm stand in the van of the struggle, and to act as a model in adhering to the four cardinal principles, in implementing the line, principles, and policies of our party, and in upholding stability and unity.

## Main points:

1. Opposing bourgeois liberalization is a long-term task in the political and ideological spheres. Although a very small number of people spread and publicized bourgeois liberalization, we must by no means underestimate their influence. Our struggle against the ideological trend of bourgeois liberalization must carry on persistently and run through the whole process of reform and opening up. The PLA is a great wall of steel guarding our motherland as well as an important force building our motherland. All commanders and fighters of the whole Army must clearly understand the duties they shoulder and together with all people of our whole country, conscientiously adhere to the four cardinal principles and actively plunge into the struggle against bourgeois liberalization.

2. Since the 3d Plenary Session of the 11th CPC Central Committee, particularly since Comrade Deng Xiaoping took charge of Military Commission work, the whole Army has resolutely implemented the resolutions and decisions of the CPC Central Committee and Central Military Commission directives, and adhered to the correct political orientation. Marked achievements in reform and Army building have been scored. The basic spirit of the enlarged meeting held by the Military Commission in December 1986 is to unwaveringly implement the four cardinal principles, to guarantee the absolute leadership of the party over the Army, to use Marxism-Leninism-Mao Zedong Thought as guidance, to vigorously step up ideological and political work and spiritual civilization building to conform with the situation in reform and opening up and with the strategic change in the guiding ideology of PLA unit building, and to accomplish all tasks with modernization as the center. We must: Link education in adhering to the four cardinal principles and opposing bourgeois liberalization with study and implementation of the spirit of the 6th Plenary Session of the 12th CPC Central Committee and of the enlarged meeting of the Military Commission; further step up ideological and political work and socialist spiritual civilization building; and impel the all-round development of the revolutionizing, modernizing, and regularizing PLA units.

3. In conjunction with the struggle against bourgeois liberalization, we must study closely the important documents since the 3d Plenary Session of the 11th CPC Central Committee, particularly Comrade Deng Xiaoping's important expositions, study the basic theory of Marxism, basically strengthen our conscientiousness in adhering to the four cardinal principles, and enhance our ability to discern and resist the ideological trend of bourgeois liberalization. Every party member must abide by party political and organizational discipline, and every comrade must observe the Constitution and law of our country and resolutely implement the relevant regulations of the Central Military Commission and the headquarters. With practical actions, we must act as models in adhering to the four cardinal principles, in implementing the line, principles, and policies of the party, and in upholding stability and unity and make new contributions toward defending and building our motherland.

PLA OFFICIAL EMPHASIZES ARMY OBEDIENCE TO CPC

OWO20631 Beijing XINHUA Domestic Service in Chinese 0216 GMT 1 Mar 87

[Text] Beijing, 1 Mar (XINHUA) -- Guo Linxiang, deputy director of the PLA General Political Department, recently delivered a speech at an important meeting of the Army. Entitled "Fine Traditions are the Army's Heritage," the speech gave an exposition of the Army's fine traditions and its inheritance and development under the new situation. In circulating the speech throughout the Army, the General Office of the Central Military Commission urged all PLA units to conduct publicity and education in the Army's fine tradition in an extensive, penetrating, and planned manner. Party committees at all levels should pay keen attention to inheriting and developing the fine tradition and regard it as part of the routine work in building up the Army.

Guo Linxiang said: It has been almost 6 decades since the Army was founded. Great struggles have tempered a great Army and great soldiers and, at the same time, have fostered fine traditions characteristic to the Army. Such traditions are a product of the integration of Marxism-Leninism with the practice of Chinese revolution and are an embodiment of Mao Zedong Thought. They are an important hallmark differentiating our Army from that of any exploiting class. They were the powerful spiritual force driving our Army to conquer the enemy in the past, and will remain the important spiritual wealth and power for building a modern, regular, and revolutionary Army and performing the sacred duty of safeguarding the motherland in the future. It is our Army's family heirloom. It is manifested in the political, military, logistic, and combat commanding aspects, and as far as the political work is concerned, it is rich in substance. In the light of Army realities, Guo Linxiang cited a host of facts in discussing six characteristics of the Army's fine tradition fostered by the party since the founding of the PLA. They are, namely, the goals of serving the people wholeheartedly, obedience to the party's absolute leadership over the Army, unity between soldiers and civilians and between officers and enlisted men, hard work and sacrifice, strict discipline, and in-depth investigation and study.

Guo Linxiang said: The purpose of serving the people wholeheartedly runs through all aspects of our military buildup and finds expression in the acts of the broad masses of commanders and fighters. To fulfill the purpose of serving the people wholeheartedly is to always take the interests of the people, nation, and state as the highest interests and to be unconditionally subordinate to the interests of the majority at all times and in all places. This is also manifested by PLA units in self-consciously subordinating their local interests to the overall interests instead of pursuing selfish departmentalism. When manifested by cadres and fighters, it is their action to properly handle the relationship between their personal interests and the interests of the collective and state and to bravely contribute all they have, including their own lives, to meeting the requirements of the revolution. When this is manifested by leading cadres, the most important expression is their correct understanding and exercising of the power in their hands. To the veteran comrades, this is a question of preserving their integrity and winning still greater glory during their later years. To the young comrades, it is a question of maturing step-by-step in order to become worthy successors to the revolution.

Guo Linxiang said: Judging from the historical experience of our army, what is most important to ensuring the party's leadership over the Army is to handle four relationships properly: the relationship between the Army and the party, the relationship between party committee members and the party committee, the relationship between individual party members and the party organization, and the relationship between party members and the masses. Our Army always takes itself as an instrument for fulfilling the party's tasks.



On the one hand, it always puts itself unconditionally under the CPC leadership and never allows any other political forces to share with the CPC the power of leading the Army. On the other hand, it unwaveringly subordinates itself to the party Central Committee's leadership and invariably upholds the principle that "the party commands the gun, and the gun must never be allowed to command the party."

Guo Linxiang said: Our Army was born amid hard struggle and has been steeled and matured through bloodshed and sacrifice. Struggling hard and fearing no sacrifice is the Jinggang Shan spirit, the Long March spirit, and the Yanan spirit, which we often talk about. This kind of spirit, with its historical characteristics and unrestricted by time, will never be out of date. The "Laoshan spirit," which people around the country and cadres in the whole Army praise, is a spirit in the new historical period inherited and developed from the revolutionary spirit of struggling hard and fearing no sacrifice. To fulfill the common ideal of the Chinese people in the present stage -- the highest ideal of our party -- the spirit of struggling hard and fearing no sacrifice is indispensable.

Finally, touching on the question of how to inherit and carry forward the fine tradition in the new situation, Guo Linxiang stressed: Our country now is in a new period marked by reform and opening to the outside world, and there has been a strategic change in our guiding ideology for military buildup toward peacetime construction. We are confronted with many new circumstances and questions. To resolve these questions and to go ahead with the all-round construction of our Army, we should conduct reforms and make new creations under the guidance of Marxism-Leninism-Mao Zedong Thought and, at the same time, inherit and carry forward our Army's fine tradition. How to integrate these two tasks into an organic whole is a major question in building up our Army during the new period. It is also a major question of political work. We should proceed from the needs of our present work in building up the country and the Army, then add new elements and give new expressions to the old tradition so that it will show new vitality.

#### PLA SOLDIERS TO JOIN ANTI-LIBERALISM CAMPAIGN

HK020755 Hong Kong AFP in English 0742 GMT 2 Mar 87

[Text] Beijing, March 2 (AFP) -- Officers and enlisted men of the Chinese Air Force must join the fight against "bourgeois liberalization" and adhere to communist principles, the Air Force political commissar has said.

The Air Force Committee of the Chinese Communist Party had decided that Air Force military and political officers would attend political instruction classes, Zhu Guang was quoted in the People's Liberation Army (PLA) newspaper Monday as saying.

The classes are principally aimed at high-ranking military men, those ranking above commanders of divisions and regiments, he said, but the struggle against "bourgeois liberalization" concerned all "officers and soldiers."

Mr Zhu made the remarks February 26 at a meeting of Air Force officials, the daily said.

The campaign against Western influences was launched following widespread student protests for greater democracy and freedom late last year.

A circular distributed in mid-February by the PLA General Affairs Department said that the entire Chinese Armed forces, estimated to number three million, was expected to participate in the campaign, despite a statement by Premier Zhao Ziyang in late January that it should be limited to the party.

COMMENTATOR STRESSES IMPROVED CADRE QUALITY

HK271507 Beijing JIEFANGJUN BAO in Chinese 19 Feb 87 p 1

[Commentator's article: "Improve the Political Quality of Cadets in the Course of Education by Positive Examples"]

[Text] The winter vacation of the cadets of military academies was over a few days ago, and the new term has started. The first thing to do in the new term is to carry out education in adhering to the four cardinal principles and opposing bourgeois liberalization. In the course of this education, the political quality of cadets of military academies should be further improved.

Military academies are bases for training talented people. Our party and Army have always stressed that political quality should be given first priority in training talented people. In time of peace, military cadres train talented people in military academies. As military cadets will become the backbone of the construction of the Army, to a certain extent their political quality has important bearings on the Army's future and destiny. Only when military cadets acquire excellent political quality, will they have a clear objective and sustaining power in their study. Consciously master modern military science and technology for defending the motherland, carry forward the fine traditions of the Army, and continue the construction of the army. As for strictness in running academies, stress should be laid on the above issues. With an attitude of being responsible for the party, the people, and the Army and by adhering to correct principles for running academies, we should unremittently devote our efforts to improving the political quality of cadets in the course of improving their military, scientific, cultural, and professional quality, so that they can develop morally, intellectually, and physically.

In giving military cadets education in adhering to the four cardinal principles and opposing bourgeois liberalization, time should be spent on the study of the relevant documents of the CPC Central Committee, important speeches by leading comrades of the Central Military Commission, important documents issued since the 3d plenary session of the 11th CPC Central Committee, and, in particular, a series of important remarks of Comrade Deng Xiaoping. In the long run, courses on politics and theories should be conducted in such a way that military cadets can systematically study the basic theories of Marxism-Leninism-Mao Zedong Thought, foster a correct world outlook and concept of life, and lay down an ideological foundation for adhering to the four cardinal principles and opposing bourgeois liberalization. Military cadets have animated ideas, a high cultural level, and good comprehension. Therefore, this education should be carried out in accordance with these characteristics. Along with the study of the relevant documents, typical remarks on bourgeois liberalization should be made known to cadets so that they can carry out discussions in an organized way and distinguish between right and wrong. [paragraph continues]

Thus, they will enhance their consciousness and unite their ideas under the line, principles, and policies drawn up since the 3d Plenary Session of the 11th CPC Central Committee.

When some students stirred up trouble not long ago, cadets of military academies demonstrated a high degree of political consciousness and a strong sense of organization and discipline. This, however, does not mean that their political ideological education can be relaxed. The enhancement of the political quality of cadets requires long-term, meticulous ideological and political work. The ideological and political work of military academies should be carried out during the entire course of their study. People in all fields of work in military academies should be encouraged to share their common efforts in carrying out ideological and political work among cadets. Leaders and teachers of military academies should frequently go deep among cadets, have heart-to-heart talks with them, and answer questions of common interest. With the feelings of relatives, in the capacity of friends, and with the ideological accomplishment of academics, they should help cadets acquire political and ideological soundness, foster good morality, and take a good attitude toward scholarly research. So long as we persistently do a good job in ideological and political work, we will certainly be able to turn out talented people who have good political quality and comply with the needs of the modernization of national defense.

#### DAILY DISCUSSES MILITARY, POLITICAL REFORMS

HK020411 Hong Kong SOUTH CHINA MORNING POST in English 2 Mar 87 p 6

[By Lulu Yu]

[Text] The People's Liberation Army is on the march again.

Despite a slashed defence budget and moves to axe a quarter of the military population, the army is walking tall with a new-found mission that puts it at the forefront of China's drive to build socialism.

Weeks before the National People's Congress meets to decide on its annual national budget, the army's image has been enhanced to the extent that its "lifeline" -- defined as the responsibility to "serve and guarantee social modernisation" -- is being hailed as the driving force behind all reforms.

"We totally support all policies of the central government. In line with efforts to step up political education in all levels of society, we are also expanding the ideological elements in our training programs so that we can contribute more effectively to socialist modernisation," said a high-ranking official of a division near Tianjin.

He stressed, however, that recent developments in the social and political arenas would not affect army reforms or the morale of the military officers.

Considered the homestead of hardline party conservatives, the army has emerged as a major beneficiary of the current drive against "bourgeois liberalisation".



The ideological campaign not only underlines a political crisis within the communist leadership, but focuses attention on the influence of the military, which many believe played a key role in the downfall of former Communist Party Secretary-General, Mr Hu Yaobang.

Mr Hu, first to announce reforms that would reduce the 4.3 million-strong Peoples Liberation Army by a million, is known to be unpopular among the military ranks, which allegedly rejected him as a candidate to succeed Mr Deng Xiaoping as chairman for the Central Military Commission.

The Beijing regime's recent shift toward a more leftist stance lends weight to the view that, despite its low profile in the past eight years, the traditional clout of the military remains undiminished.

But despite a relatively strict adherence to socialist disciplines, the military has not been immune to the changes that have swept all sections of Chinese society since 1978.

The national drive to reconstruct a devastated economy; to revamp a knotted bureaucracy and to promote young talent through education and training is bearing fruit in both the civilian and the military sectors.

The boundaries separating these two sectors are becoming increasingly blurred as the uniformed and the civilian join forces in raising the country's standard of living.

The emergence of a younger, better educated Army is beginning to have an effect on the orientation of the military. Even the more orthodox seniors, it is said, are developing greater appreciation for the material benefits that come with modernization.

Mr Zhu Fujin, deputy division commander of Division 196, talks fondly of how he and his comrades battled the Japanese and the Nationalists during the war years. But he dwells longer on the productivity of his division's factories and on the construction projects that his men have taken on during the past few years.

The Luanhe river project, which diverted water into and hence revitalised the city of Tianjin, was the pride of the veteran soldier who recently gave the SOUTH CHINA MORNING POST in full tour of his Changchun quarters, a military base located between Tianjin and Beijing.

He said his division of 12,000 men and women turned fallow land into productive use, which yielded 800 tonnes of grains and 600 tonnes of vegetables a year.

The factories, established within the past few years, produce watches, rubber, electronics equipment, and the nation's number one brand of shoe polish.

Each brigade raises 30 to 40 pigs, raising nearly 900 a year for the division, said Commander Zhu enthusiastically.

The Division 196 Hospital, with 100 beds and a staff of 111 military personnel, served 350,000 civilian patients in the past decade and was undergoing expansion at the moment.

"People from every municipal and every province, including Hong Kong and Macao but excluding Taiwan, have sought medical help from our hospital, which is reputed for its success in several fields," said Commander Zhu.

"The Army's task is in three areas: defence, national construction, and economic production, all carried out strictly under the guidance of the socialism. This is called the unity of the military and politics -- the alliance of the army and the people," said the army spokesman, often exhorting the egalitarian aspects of the army organisation.

A typical military unit today consists of living quarters, training fields and indoor practice rooms; with recreational centres that include libraries, music rooms and pool and mahjong halls. Army run factories, schools and rural enterprises are set up within the unit and in nearby towns, where management responsibilities are often shared between military and civilian officials.

When a corporal first enters a military unit, he learns military skills and political knowledge (elementary Marxism, law and current affairs). Then he can choose a skill which he can use in civilian departments, and continue to study in a training centre at the regiment or higher level.

Some stay on in the defence sector, while others move on to civilian departments after three years.

The trend to engage military resources in civilian works was not new to this republic, which boasts the world's largest army and which relies heavily on manual labor.

But the practice gained impetus as the reformists took to directing the country's resources away from defence and toward economic developments. The initiative came in a 1977 directive from Mr Deng Xiaoping, which asked the Army to contribute to modernisation and "train people for military and non-military departments".

Since then, airfields, ports and depots have been opened for civilian use, while soldiers have built parks, planted trees and participated in numerous public welfare projects.

Military enterprises not only produce civilian products, but also act as research units and consultants to civil enterprises.

"A lot of the food that we produce is for our own consumption only. But by being self-sufficient, we lighten the financial burden of the state," said Commander Zhu.

It is predicted that up to 70 per cent of the "defence industry's" output will be for civil use by 1990.

In 1985, the Central Government unveiled plans to demobilise a military of the 4.2-million strong army by the end of last year in a move to streamline administration and further reduce arms spending, which had been on the decline for eight years.

It is hoped that with fewer soldiers to feed, money can be spent on better equipment and more training.

More than two million military men have received training in special skill learning centres and been issued certificates of education equivalent to those conferred at colleges.

The 500,000 men demobilised under the scheme in 1985 were reportedly serving as rural cadres, state functionaries, or in rural enterprises. At least 2,000 counties and cities have established job-hunting centres to help these demobilised soldiers, according to official reports.

Today, up to 65 per cent of military officials in combat units are said to be graduates of university or military institutions, with the retirement of half of the older veterans.

The average age of officers has also gone down from 56 to 47 in "leading sectors of the field armies", said officials.

The productivity of the Army, analysts believe, has given it a new importance in the country's development.

The People's Liberation Army, created by Chairman Mao in 1934, had been the backbone of the Communist victory. It played a leading ideological role and enjoyed tremendous prestige until the revolutionary era ended with Mao's death in 1976.

Most of the veteran war heroes have passed away, leaving behind only regional commanders who, despite their strong grip on the forces, have one of the prestige of the likes of Marshal Ye Jianying.

Mr Deng Xiaoping's emphasis on economic priorities over political ones particularly shifted focus away from the unwieldy Army, and the decision to revamp the military also caused some dissatisfaction among those who stand to lose from rank reshuffles.



In the face of the current campaign against spiritual pollution, however, the Army has once again emerged as the purest, most reliable force, untainted by the corrupt, destructive influences that the government says have swept other sectors of the society.

Its members, none of whom lent any support to street protests and anti-socialist calls during the past three months, were specially mentioned by party leaders for their exemplary behavior.

At the same time, it was asked to continue its vigilance against deviations from the tenets of socialism, and to strengthen its political work in a "new period" of socialist modernisation.

"Army political work must serve the country... and should ensure the absolute leadership of the party over the Army, which has been a steadfast principle and tradition," said a circular from the Central Military Commission, issued last week.

An earlier circular, issued by the Army's General Political Department, cited combating bourgeois liberalisation as the military's major task.

"Unlike civilians, all Army officers, soldiers and supporting staff are required to participate in the serious political struggle against the trend of bourgeois liberalisation," said the document.

Mr Yu Qiuli, director of the department, was also quoted as describing political work as the Army's "lifeline", adding that limited Army democracy could only be developed under centralised leadership.

Whether renewed indulgence in political aspects will slow down the pace of military reforms will depend largely on the will and inclinations of the new generation of Army officers.

#### COMMENTATOR URGES STUDYING CENTRAL DOCUMENTS

HK020242 Beijing JEIFANGJUN BAO in Chinese 20 Feb 87 p 1

[Commentator's article: "Leading Cadres Should Take the Lead in Studying the Documents Earnestly"]

[Text] Conducting education for upholding the four cardinal principles and combating bourgeois liberalization is the primary task for this year's political work in the whole Army. To make a success of the education, it is essential for leaders and cadres at various levels to take the lead in earnestly studying the central documents.

Combating bourgeois liberalization is a long-term struggle, which should be perserved in the whole course of carrying out reforms and implementing the policy of opening up to the outside world. [paragraph continues]

A series of documents issued by the party Central Committee have profoundly expounded the nature and great significance of the struggle, defined the limits and main targets of the struggle and prescribed principles and methods for it. All this have provided the important basis for waging the struggle actively and steadily and making a good job of the education. As we know, as long as we have a sound and deep understanding of the spirit of the central documents, we will be conscious and resolute in the struggle. Since leaders, at all levels, personally should take an active part in the struggle and be responsible for leading and arranging their subordinates to receive the education, naturally they should study the central documents better than others.

Taking the initiative in the study, leaders can help their subordinates solve knotty problems with what they have learned from the study. It must be noted that most officers and men can see the importance of upholding the four cardinal principles, and that bourgeois liberalization finds no support in the troops. However, "liberalization" as a social ideological trend certainly has reflected itself in the troops through different channels and created adverse influence and confusion in their minds in varying degrees. Only when leading cadres take the lead in the study of the central documents, a series of important expositions made by Comrade Deng Xiaoping on upholding the four cardinal principles and combating bourgeois liberalization and the fundamental tenets of Marxism-Leninism-Mao Zedong Thought, will they be able to properly answer questions raised by soldiers by presenting the facts and reasoning things out when they study and discuss with them in an effort to make a clear distinction between right and wrong and to deepen their understanding.

In studying the central documents, we should not be satisfied only with making our position known in general. It goes without saying that all party members, and particularly leading cadres, should take a firm stand and a clear-cut attitude in the stern struggle which is crucial for the destiny of our party and state and for the future of our socialist cause. Besides, they should also earnestly study the central documents and apply them to practice. In doing so, there are two difficulties. One is that it is not easy to have a thorough understanding of the spirit of the central documents, the other is that it is not easy to make a thorough analysis of the relevant major problems. The central documents and the important expositions made by Comrade Deng Xiaoping touch upon many major theoretical and practical problems. It is impossible to achieve mastery of them only by roughly reading them one or two times. If we do not have a better understanding of the spirit of the central documents and do not have the ability to distinguish between right and wrong, we will be unable to carry on the struggle in depth and will deviate the struggle from the right path. All this will hinder us from upholding the four cardinal principles and combating bourgeois liberalization. To carry on the struggle on a long-term basis and in a healthy way, we must study the central documents earnestly, not perfunctorily.

#### LIAOWANG OUTLINES CONTRACT SYSTEM FOR WEAPONS

HK271152 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 8, 23 Feb 87 pp 5 - 6

[Article by ~~Chen~~ Chunting (1728 2504 0080) and Chen Zhiqiang (7115 2525 1730): "China Enforces a Contract System for Research and Production of Weapons and Equipment"]

[Text] At the end of January, the Chinese State Council and the Central Military Commission promulgated two legal documents. [paragraph continues]

These documents are: "Provisional Methods for the Administration of Funds Allocated to Research for National Defense and Trial-production of Weapons," and "Provisional Methods for the Implementation of Contract System for Research and Production of Weapons and Equipment." These documents have shown that China will implement a contract system for the research and production of weapons and equipment. This has shown that the departments using this technology in the Chinese Army have used, for the first time, economic and legal means to participate in the administration of the research and production of weapons and equipment. The research and production of weapons and equipment has been brought into the orbit of the socialist planned commodity economy. This is an important reform in the scientific system for the Chinese national defense.

In the office building of the Commission of Science, Technology and Industry for National Defense in Beijing, Deputy Director Xie Guang, who has more than 10 years' experience in the administration of military industry, told the reporter the background, contents, and progress of the reform. He also expressed his views on the ways to deepen the reform.

#### It Is Imperative To Carry Out Reform in the Scientific Research System of National Defense [subhead]

In recent years, in accordance with the analysis and judgment of the international situation, the Chinese Government has made a policy decision on concentrating its efforts on economic construction. In the meantime, the guiding thinking for the Army and the scientific, technical and industrial front of national defense has also been shifted to strengthening modernization under the prerequisite of serving overall needs of the economic construction of the state.

The change of the strategic thinking has set a new task for the construction of national defense. Under the prerequisite of concentrating the efforts of the state on economic construction, how should the construction of national defense, and the weapons and the equipment of the state be modernized? How should we correctly set the ratio between investment in the construction of national defense and economy while striving to achieve the best results for the national economy and defense spending? Under the present conditions of cut defense spending, how should we readjust the use of funds for research and production of weapons and equipment to ensure a coordinated development with proper focal points and ratio?

Xie Guang said: To attain the above-mentioned objectives, we should change the previous methods for administration of the funds allocated to the scientific research for national defense and trial-production of weapons. In the past, the commodity nature of weapons and equipment for national defense was not clear and definite. With regard to the distribution of funds allocated to the scientific research for national defense and trial-production of weapons, a method of "distributing fruit equally" was employed. Equal portions were distributed to various industrial departments. Industrial department redistributed the funds again to various units responsible for research and production and weapons and equipment in accordance with the mandatory planning of the state. This kind of administrative system was actually a "supply system" based on mandatory planning of the state and the practice of paying for all spending. The departments in charge of the research and production of weapons and equipment and the consumers departments of these products ate from the "same big pot." [paragraph continues]



Due to the fact that there was no economic and legal means for regulation, and that the consumers in the Army did not take part in the administration of the research and production of weapons and equipment, the departments responsible for research and production lacked "driving force," and consumers lacked sense of responsibility. There was no binding force for either of them. This is bound to lead to the disintegration between task and funds on the one hand, and between the consumers and the departments responsible for research and production. Sometimes, certain equipment produced by the departments in charge of research and production was not in accord with the demand of the consumers; unused equipment caused great waste.

As far as consumers were concerned, a score of units in the Army, Navy and Air Force were also responsible for assigning tasks alone without taking money into account. They only "ordered dishes without paying the money." Therefore, they assigned many tasks, "made a quick march," and tried everything possible to get more from the big pot of funds allocated to research for national defense and trial-production of weapons. This gave rise to the situation that "the gruel was meager and the monks were many." As far as departments responsible for research and production of weapons and equipment were concerned, due to the fact that tasks were not linked with funds, various industrial departments vied with one another for more funds. "If you have half of one, I must have half dozen of the other." In the process of research, or producing the weapons and equipment, they did things rashly without considering the results. When they lacked funds, they "demolish the wall at the eastern side to mend that at the western side." Thus, capital costs were changed. This gave rise to a passive situation of "increasingly higher standards, more funds needed, and longer time limit for projects."

With the profound development of economic structural reform of the state, and the reform in scientific and technical structure, the defects of the previous administrative system governing research funds for national defense have been gradually revealed. These defects have, to a certain extent, adversely affected the smooth accomplishment of the plan for research and production of weapons and equipment. Under such circumstances, it has become imperative to reform the method for allocating funds for research of national defense and trial-production of weapons.

#### Reforming Method for Allocating Funds, and Carrying Out Administration of Funds by Classification [subhead]

The new method for the allocation of funds has divided funds for national defense research into three categories: Funds for research and production of weapons and equipment, funds for application and basic research, and funds for basic technology.

Funds for research and production of weapons and equipment are funds for the research and production of special kinds of weapons and equipment. Although this kind of work is undertaken by industrial departments, it is closely connected with armed services which use these weapons and equipment. Therefore, this kind of funds are allocated to various armed services which participate in the administration of the research and production of weapons and equipment based on a contract system.

Funds for application and basic research are mainly used to promote technical qualities and the strong points of the military and industrial field at home. [paragraph continues]

In this way, we can develop the necessary technical reserves for new weapon research. These kind of funds are administered through the implementation of a contract system. With regard to those research funds for multitrade projects which will produce far-reaching influence over the entire science and technology of national defense, they will be directly allocated to the units concerned, which undertake the projects.

As for funds for basic technology, they are mainly used for technical maintenance and service, including military standardization, measurement of war industry, administration of the achievements in scientific and technical research, and so on. These type of funds are mainly allocated to the relevant industrial departments which will redistribute the funds again to research units.

After talking about the above-mentioned points, deputy director Xie Guang stressed that reforming the system for the allocation of funds does not simply mean changing the previous method of distributing equal portions of funds among industrial departments into that of distributing equal portions of funds among armed services. Whether horizontal or vertical contracts are concluded, or a contracting system is implemented, the projects are the first to be considered while signing contracts, or allocating funds. This is a method of administration based on projects, so that money is allocated in accordance with the needs of the projects concerned. This will enable us to change the previous administrative method of equal distribution of national defense research funds into that of allocation of funds based on a contract system. A contract arrangement allows focused achievement in research and production. This indicates great progress in the development of scientific management.

In the process of implementing a contract system for the research and production of weapons and equipment, due to some factors in the commodity economy, such as good prices for high quality products, the concept of remuneration, the concept of competition, and so on, research and production of weapons and equipment in China has begun to get onto the track of the planned commodity economy.

#### Initial Results Have Been Obtained in the Implementation of the Contract System on a Trial Basis [subhead]

It has been learned that before the promulgation of the new methods for funds allocation, and research and production of weapons and equipment based on the contract system, the Commission of Science, Technology, and Industry for National Defense spent two years on discussing and implementing these methods on a experimental basis. These actions were in accordance with the spirit of "reform in the structure of war industry, exerting main efforts to establish relations of ordering goods, and implementing a contract system." Now, a naval vessel has been built on a contract basis and delivered to the units concerned. The consumers in the Army and departments responsible for research and production have signed contracts, or agreements on 16 military research projects. These contracts and agreements are being smoothly executed.

Xie Guang added: Judging from the results of experiments carried out by some units, it has been found out that changing fund allocation system into contract system, and especially inviting bids for some projects have brought about good changes in the research and production of weapons and equipment.

1. The method of "eating in different kitchens" with regard to the administration of funds is beneficial to shortening battle lines, enhancing efficiency in the use of national defense research funds, and speeding up the progress of modernizing weapons and equipment. After the reform, the user departments in the Army have begun to carry out careful calculation and strict budgeting, made conscientious efforts to discuss and prove the feasibility of the projects concerned, given prominence to what is significant, and use their limited funds where they are needed most. The implementation of a contract system has promoted the management work of the troops for equipment, and enhanced their administrative level. As far as the research and manufacturing departments are concerned, the contract system and the method of inviting bids have broken the monopoly of the production in the war industry. Those who participate in bidding know that their rivals are equally powerful and that they have their own strong points. They will compete with each other in terms of actual strength and the way for blazing new trails. They do their utmost to produce advanced, rational, scientific and practical equipment in terms of external forms, inner structure, power system and fittings. As far as enterprise management is concerned, various units participating in bidding take the initiative to keep abreast of the new technology both at home and abroad, and the development of the new facilities. They also conscientiously sum up their experiences accumulated over years in design, manufacturing, production control, technology, and quality control of military products. They take positive measures to adopt new skill and new technology. They compete with each other in terms of technology, quality, price, and the speed of manufacturing products. A new situation of achieving faster, better and more economic results has occurred in the work of research and production of military products.

2. The new method is beneficial to improving macroscopic management to promote generalization, standardization and scientific use of weapons and equipment in the Army. Due to the fact that "money is allocated in accordance with the needs of the projects concerned," the Military Commission may implement, in a better way, the guiding thinking, policies and principles for developing weapons and equipment through the control over the distribution of funds for research. For example, effective control over the research and production of certain types of weapons and equipment will be beneficial to strengthening effective investment in research, and intensifying more scientific reserve aimed at producing sophisticated weapons and equipment needed in combat. In practice, various armed services will take into account the integration of scientific research, facilities, and maintenance, and invite bids for projects of general equipment which are similar in functions and technology. In recent years, new progress has been made in the research and production of several kinds of general equipment.

3. The new method is beneficial to focusing our strong points on the lateral between trades. After the implementation of the contract system, many integrated bodies participating in public bidding have come to the fore. Supported by various provinces, cities and regions where they are located, these integrated bodies give play to the strong points of their factories and institutes concerned, and carry out their work actively. Government departments in various localities sent cables to the State Council and the Central Military Commission, stating that they supported the factories and institutes in their localities in taking part in the bidding, and urged the factories concerned to provide technical support and cooperation. The leaders of a number of provinces, cities and regions not only attach importance to the bidding, but also provide specific support in terms of manpower, material resources, and funds for bidding.

4. The new method is beneficial to expanding decisionmaking power of enterprises so that various industrial departments can exert more efforts to promote national economic construction, make arrangements for the production of civil products, and develop foreign trade work. [paragraph continues]



After the signing of the contracts, the units responsible for research and production will be fully aware of their tasks, and can fully solve the problems connected with the ineffectiveness of planning, designs, and so on. After signing contracts with the General Staff Headquarters, Zhang Xixiang, deputy chief engineer of a certain institute under the Ministry of Electronics Industry said happily: "We feel relieved now. There is no need for us to beg for funds, and worry about whether we can continue the project. After returning to our institute, we can manufacture our products wholeheartedly. We can accomplish our tasks as scheduled, and the troops will get satisfactory equipment."

When talking about future plans, Xue Guang stressed: After the implementation of a measure for reform, a process is needed so we can adapt ourselves to the reform in terms of concept, the quality of our working personnel, administrative organs and the establishment of the system concerned. Our task is strenuous, and a lot of work must be done. At the present stage, the contract system for the research and production of weapons and equipment is still a contract system based on mandatory planning. It is a plan for guarantees on the basis of contracts. There is still room for improvement. For example, with regard to the conditions for guaranteeing the research and production of weapons and equipment, with the exception of funds, the money needed for capital investment, technical reform, material supply, and operation expenses, and so on are still supplied by the state and transferred to the industrial departments through the previous channels. There is a process of replacing the old system with the new one. In addition, the bidding for military projects is also limited. Laws connected with all these are not yet complete either. In the process of implementing the new method, we are preparing to solve the following problems first: 1) The amount of funds for projects assigned by the departments concerned, and the Commission of Science, Technology, and Industry for National Defense should be the same, so that the defect that projects assigned by the commission and the departments concerned are "two completely different matters." 2) The funds for projects concerned should be directly linked with the units (groups) in charge of the projects. Misappropriation at all levels is not allowed to ensure the independence of the units responsible for scientific research. 3) We should formulate and perfect a series of laws and decrees, and establish an effective system for the control of funds. We should also establish a system for supervision and award. We should constantly improve and perfect its content to ensure smooth progress in the reform in the scientific and technical system for national defense.

#### JOURNAL VIEWS CORRECT USE OF WESTERN ECONOMICS

HK020451 Beijing QUNYAN in Chinese No 1, 7 Jan 87 pp 16-18

[Article by Yao Zengyin (1202 2582 5593): "We Must Correctly Deal With Western Economics" -- speech made by the author at Beijing municipal seminar on foreign economic theory, 4 October 1986]

[Text] Two Upsurges [subhead]

An upsurge of studying Marxism has emerged in Western countries since the end of World War II. Voluminous articles and books on Marxist studies came into being, in which many new opinions have been put forth. Many universities have opened courses on Marxism. At the State University of New York at Binghamton, large pictures of Marx, Engels, Lenin, Stalin and Guevara are placed on the walls of some department offices. [paragraph continues]

But in recent years, an upsurge of studying Western economics has emerged in China. This upsurge has made the economics circles in China unprecedentedly lively, broadened their vision, enriched their minds, and pushed forward the progress of economics. Many institutes of higher education have opened courses on Western economics, Western international economics, and econometrics. The upsurge of studying Marxism in the West and the upsurge of studying Western economics in China have formed an interesting contrast.

#### Answering a Few Questions [subhead]

Some middle-aged and young comrades have shown considerable enthusiasm for studying and introducing Western economics. In the course of studying, they put many questions to us in this respect, and the following is how we have answered them.

First, should the study of economics in contemporary China turn from criticizing, to building economics? It is our view that the two are not contradictory, and both are necessary. It is as necessary to criticize the old world as it is to build a new one. It is necessary to criticize those things which are unscientific, irrational, and of a defensive nature in Western economics, while absorbing and referring to those scientific and rational elements. Especially when a great volume of Western economics is being introduced to China with a large number of young students studying it, when ordinary students have not acquired the ability to differentiate right from wrong, it is all the more necessary to distinguish the essentials from the dross in them. Criticism and counter-criticism are a normal phenomenon in academic circles, and are often conducted inside Western economic circles. Should we keep silent regarding some specious and erroneous opinions? Many comrades have written a series of critiques in the field of Western economics. In the field of international economics, China's economics circles have also criticized the theory of comparative cost. To make a distinction between right and wrong, these critical articles are very necessary, despite the initial nature of some of them.

Aside from irrational and unscientific parts in Western economics, another task for China's economics circles is to analyze and criticize the pernicious influences of feudalism. The pernicious influences of feudalism and the ideas of small-scale peasant economy are a very great impediment to China's four modernizations and the building of spiritual civilization. Therefore, it is also very important to expose and criticize the pernicious influences of feudalism in economics, politics, and cultural ideas.

Of course, academic criticism shares nothing in common with the mass criticism launched by the gang of four. Academic criticism should be based on facts, and conducted with full reasoning, by convincing others with reason, refraining from arbitrary labeling and political attacks.

Second, should we turn from rejection of Western economics to analysis and reference? It is our view that Western economics should neither be affirmed nor negated completely. We affirm or negate things as appropriate. It is entirely necessary to study Western economics, Western international economics, econometrics, management, and marketing, to absorb foreign nutrients. The doctrines of the classical school, the neo-classical school, the Keynesian school as well as other schools can come under study, and there are things in them that can be adopted in China. [paragraph continues]

Complacency, conservatism and being out of touch with reality will only result in stagnancy ossification. The lessons in this respect have been many over the past 3 decades and more. However, things to be absorbed must be nutrients, not dross; the rice, the borers, and rat dung should by no means be all taken in and digested wholly as grain. Therefore, Western economics should be absorbed and referred to in a critical way. Hence, the need for a guiding idea concerning what should be negated, and what should be affirmed, and how to absorb and refer to them. This guiding idea is precisely Marxism. Without a correct viewpoint, how can we talk about the affirmation, negation, analysis of, and reference to Western Economics?

Third, should economics turn from the study of production relations to that of productive forces as well as the mutual reaction between productive forces and production relations? As a direction of research, here, the problem of giving up one for another does not exist. The socialist system was not perfect when it first came into existence. Its economic, and political systems need continuous self-completion, self-perfection, and self-development; therefore, reform is also needed in its production relations. The economic structural reform underway in China is precisely a reform of production relations. It will be very difficult for productive forces to develop without reform of the original production relations. Because the socialist system needs continuous completion, perfection, and development, there is a need for theoretical exploration as well as a need to clarify theoretically what things must be made complete and perfect, and what involves reform. Research in this question is not so excessive at present as to require a change in direction; on the contrary, it is far too little and should go on in depth. The notion of restricting economics solely for the study of productive forces, with the study of production relations falling by the wayside, is not convincing.

We should, likewise, conduct our research in these two respects regarding the contemporary capitalist world. When it is necessary to study the development of its productive forces, we should also study monopoly and state monopoly, as well as the mutual relations between capitalist countries, and especially the mutual relations between developing countries and the Third World countries, in particular; and greater attention should be attached to the latter.

Fourth, should the study of economics turn from qualitative, to quantitative analysis? Any economic phenomenon is the unification of quantity and quality. We cannot imagine a kind of quantitative analysis without qualitative analysis. Regarding economic issues, both qualitative analysis and quantitative analysis should be conducted. We should neither give up quantitative analysis for qualitative analysis, nor vice versa. Marx said, any branch of science will reach perfection only when it has successfully applied mathematics. An economist who has no idea of, and is not good at applying mathematics cannot be regarded as an economist having gone through strict training. It is essential for economists to master mathematics; but as with anything, it should be done appropriately and practically, so that the readers may be benefitted. If it is carried too far as in some cases of Western economics complicated mathematical symbols are worshipped as idols, with simple things purposely turned into mysteries in order to please the public with claptrap, the result is of course not satisfactory.

Quantitative analysis and statistics are very valuable. However, the world of mathematical statistics is not entirely the same world as economics. Statistical data or quantitative analysis cannot take the place of theoretical analysis.



Fifth, should our research work in economics turn from theoretical, to applied economics? Likewise, the question of changing direction does not exist here. True, applied economics is important, but theoretical economics is just as important. In a certain sense, the latter is all the more so. The theory of economics is the guide for economic plans and policies and for China's economic structural reform. Without in-depth theoretical research, the drawing up of economic policies and the economic structural reform underway at present will lose their basis. At the same time, the four modernizations and reforms are also pressing for theoretical guidance. However, our research work in theoretical economics is still falling far behind the needs of the four modernizations and reforms.

Some comrades lay great stress on the importance of statistics and econometrics. True, these two branches are important, but statistics and econometrics will provide people with superficial phenomena of economic life which fail to go deeper into the essences of things. Any genuine progress in economics can be made only when economics reaches the depths of economic life, right down to its essence. This is precisely the role of theoretical economics. Theory is indispensable to the observation and analysis of socialist economy as well as the solutions of its problems, and the same applies to the observation and study of the economy of the capitalist world. The present condition in China is not that the research work in theoretical economics has been excessive, but that it lags far behind the situation. Just as some comrades put it, we are now "suffering from theoretical hunger," and people are thirsting for theories. Our existing theories of economics are still incapable of resolving all the problems regarding the four modernizations, reform, and opening up to the outside world. Therefore, all opinions underestimating the importance of theoretical economics are inappropriate.

And sixth, should economics turn from the study of the microeconomy to that of the macroeconomy? In our opinion, such a change of direction is unnecessary. It is necessary for us to conduct study in the microeconomy as well as the macroeconomy. At present, when China is facing the task of developing socialist commodity economy and invigorating the enterprises and the domestic economy microscopically, it is of greater practical significance to study the organizational form and actions of enterprises. Besides, as China is building and developing overseas enterprises, the microscopic study of Western multinational corporations has a very important role as reference.

In the opinion of some comrades, economic circles in China have overstressed the study of microeconomy, while paying little attention to problems in the macroeconomy. This is not so. Marxist political economics attaches great importance to such branches of science as world economics, international trade, and international finance. Here, therefore, the question of changing the direction does not exist.

#### Western Economists on Western Economics [subhead]

Regarding Western economics, we should not reject and negate it completely, neither should we worship it as some idol. We should adopt a truth-seeking attitude, an attitude of analysis, absorb its essentials and cast away its dross. Marxist economists should adopt such a truth-seeking attitude toward Western economics, and even some famous unprejudiced Western economists have likewise adopted the same attitude. Let us take a look at how some famous Western economists have evaluated Western economics!

In a speech delivered at a meeting of the British Royal Economic Society [RES] in the 1970's E.H.P. Brown, its president said, "Physics made its first breakthrough in the 17th century; however, economics has, to date, failed to make a breakthrough; therefore, economics is still in the 17th century." As RES president, Brown has a thorough understanding of the history and present conditions of Western economics. Therefore, naturally, his words caught people's attention. According to Brown, although economics has made eye-catching progress over the past quarter of a century, its contributions to resolving the most pressing contemporary problems are still small. In his opinion, the chief achievements of Western economics are mainly expressed in the following aspects. First, the improvement in the distribution of resources and the logical analysis of decision-making; second, the setting up of a pattern of economic growth; and third, econometric analysis that has a function on economic forces. The reason he said that Western economics had made marked progress in these three aspects was not on the grounds that they had solved any practical problems, but because economic treatises on these problems had taken up the greater portion of the contents of academic journals. He pointed out, those theories would not be of any help in practice, and those who were engaged in practical work would forget those academic journals as soon as they had read them.

With regard to the above-mentioned three aspects of the greatest accomplishments in contemporary economics, Brown held the view that they are mostly idle theorizing, divorced from practice. First, the theoretical analysis of resource allocation is far removed from the practical process of decision-making. Second, the complicated pattern based on the utilization of a few factors by economists do not represent those things that govern the practical world. Those theoretical patterns will not be of any help to those people working in practical economic departments, who must diagnose the actual economic conditions, and provide them with prescriptions. Third, those who are in charge of policymaking do not believe in the system designed by those experts of econometrics. Brown came to the conclusion that Western economics still lacks development. It was precisely the title "Economics Lack Development" that he gave to the opening speech he made at the 1971 RES meeting.

Brown is by no means the only Western economist to adopt a critical attitude toward the present conditions of Western economics. If we watch closely, we will see that since the 1970's, many Western economists have held a doubtful attitude toward Western economics. J.K. Galbraith censured the economics of the neoclassical school and the neo-Keynesian school for neglecting the factor of power, thus losing the connection with realities; W.W. (Leontiev) [li ang ti fu 6849 2491 1912 1133] attacked mathematical economics for building a superficially clever superstructure based on weak experiences and hypothesis without means of testing; K. Baldwin also reproached welfare economics for being out of step with realities. In her article "The Second Crisis of Economics," Mrs J. Robinson pointed to "the obvious bankruptcy of Western economics, namely, the fact that such theories have again failed to answer the questions that seem most in need of an answer for anybody, with the exception of economists." Western economics has failed to answer many questions put forth by reality; therefore, not only Marxist economists but also many Western economists believe that Western economics is already bogged down in crisis.

It is often said that modern economics serves capitalism. This is correct. However, it should be pointed out, it has failed to do a good job in serving capitalism, and in effectively solving some immediate problems in the Western economy, the more so with problems of its long-term development. This is precisely the fatal weakness of contemporary Western economics.

COMMENTATOR STRESSES OUTPUT VALUE, ECONOMY

HK020847 Beijing NONGMIN RIBAO in Chinese 16 Feb 87 p 1

[Commentator's article: "It Is Necessary To Raise Output Value and Attach Even Greater Importance to Economic Results"]

[Text] From a macroeconomic viewpoint, the problems of a steady increase in output value of town and township enterprises and of declining economic results in most enterprises are ones that must be solved without delay.

Why are there such problems? Subjectively, the prices of energy and raw and processed materials have gone up; taxes and social burdens are rapidly becoming heavy; and the number of competitors is increasing. The leaders of some enterprises and in some parts of the country are ideologically ill-prepared for the grim situation confronting town and township enterprises and have not formulated proper strategies for actively dealing with it. Some of them are simply waiting for less strict macroeconomic control. Others hope to extricate themselves from this difficult situation by introducing capital from other parts of the country, or other parts of the world. Thus, after objective conditions have changed drastically, they still concentrate their efforts on finding projects and loans, starting undertakings, and on capital construction, thus overlooking the management of existing enterprises. As a result, technology is updated very slowly, economic results decline, and some enterprises are losing money. The tendency to stress new undertakings, quantity, and speed at the expense of management, quality, and economic results is a major ideological obstacle to the healthy development of town and township enterprises.

Relevant leaders all over the country should divert their attention from their endeavors to raise output value to the attainment of better economic results without delay. This is an urgent task the purpose of which is to stop the present decline in economic results. It is also a basic guiding principle for helping town and township enterprises steadily develop in the future. After being opened to the public and revitalized, urban enterprises now have greater competitive power. Thus, the advantage of town and township enterprises as small but flexible units is now diminishing. In addition, because of their management and technological shortcomings, town and township enterprises are ill-adapted to market competition. If they still pay no attention to technological advances and do not try to improve the quality of their products and economic results, they cannot survive the increasingly intense competition. Thus, to fundamentally ensure that town and township enterprises develop steadily and healthily, it is necessary to evaluate the overall situation from a macroeconomic viewpoint and relate town and township enterprise economic results to the country's overall national economic situation.

Stressing the need to improve town and township enterprise economic results does not mean that we can disregard growth rates. We must not blindly seek false growth rates and high output value at the expense of economic results. We should strive for realistic growth rates by focusing our attention on the attainment of better economic results. There is an imbalance in the development of town and town enterprises in different parts of the country. Their development rates and economic results differ markedly. We must not ask for uniformity. [paragraph continues]



Still less should we blindly try to outdo others. It is necessary to keep the "four wheels moving." That is, letting townships, villages, households, and combines establish and run enterprises based on actual circumstances; properly drawing up plans based on market demand, striving to make each launched project a success; and prevent blinding action. Town and township enterprises in developed areas should reorient investment, tap old enterprises' potential and reform them rather than start new undertakings, strengthen lateral ties with urban industrial enterprises, and try to improve the quality of their products and economic results. Localities which started establishing town and township enterprises at a later time than others and particularly in poverty stricken localities, should not be too anxious to bring about prosperity and try "not to be too greedy." Moreover, they also should not use their funds carelessly as if they were "sprinkling pepper." Otherwise, new enterprises will have difficulty going into operation and great losses will be incurred. It is necessary: To "compress the air" appropriately, to select the right types of industry and selectively build key enterprises on the basis of the principle of rational distribution; to concentrate manpower and financial and material resources; and to try to make breakthroughs in a few selected areas. In this way, they can make their investment bear fruit quickly. Although people will propose fewer projects as a result of all this, by doing so, however, we can lay a solid and reliable foundation for rapid development in the future.

There is at present a more urgent need than ever before to solve the problem of strengthening enterprise management and technical transformation, as we are trying to improve the town and township enterprise economic results. The most fundamental way to improve management and raise the equipment utilization ratio is to persistently carry out reforms, to apply and further perfect various systems of contracted responsibility, to fully arouse the masses of workers' enthusiasm and creativeness, to make them feel that they are masters of their own affairs, to make product quality a criterion for assessing the performance of enterprises and workers, and to let economy and waste have a direct effect on the cadres' and workers' economic interests. In addition, it is also necessary to pay close attention to controlling consumption funds. The profits retained by the enterprises should be mainly used for technical transformation and investment in intellectual matters. At the same time, we should try to thoroughly improve the quality of our enterprises, produce more cheap but good and marketable goods with the minimum amount of manpower and materials, raise productivity, attain better economic results, and enhance town and township enterprises' competitive power.

#### CHEN MUHUA ACCENTS PROPER USE OF BANK FUNDS

OW270739 Beijing XINHUA Domestic Service in Chinese 1504 GMT 26 Feb 87

[By GUIZHOU RIBAO reporter Wu Yufu and XINHUA reporter Liu Zifu]

[Text] Guiyang, 26 Feb (XINHUA) -- Chen Muhua, state councillor and president of the People's Bank of China, recently said to comrades of banking departments in Guizhou: Banking departments should also curb the growing demand for capital funds and pursue a policy of "vitality amid tightness" in credit loan business in order to support steady economic development.

Chen Muhua emphatically pointed out: While other departments concerned are launching a campaign to increase production and income and practice economy, banking departments should actively perfect its macroeconomic regulatory means and obtain more funds through reform and economic invigoration and through improved management and economic efficiency.

In order to gather more funds, it should also recover working funds diverted to other purposes; recall loans that are due or overdue; and dispose of long-stocked materials. It should help increase production with no additional investment.

Chen Muhua called on banking departments to make great efforts to raise funds and increase bank deposits by every possible means, particularly urban and rural savings accounts. Banks in all localities should continue to implement the policy of "extending loans according to the amount of available working funds" and accelerate the turnover period of the working funds. Funds may be borrowed between banks or regions. For instance, southern regions, where agricultural harvests are gathered earlier than in northern regions, may take advantage of the different harvesting time and borrow idle funds from the north in order to make full use of working funds. The turnover period should be short to make funds yield maximum benefits.

On credit loans, Chen Muhua pointed out: In extending credit loans with the working funds, we should give first priority to supporting the production and purchase of marketable products, export products, and agricultural and sideline products and to supporting the development of basic industries. We should pay attention to rational use of funds; support major, planned, and productive projects; and ignore unimportant and nonproductive projects and projects that are not included in annual plans. We should consider the interests of the whole. All localities and enterprises should overcome the tendency of overemphasizing their own particular situation and undertaking expanded reproduction rather than simple reproduction, as well as the tendency of stressing the accumulation of fixed assets rather than the accumulation of circulating capital. A guiding principle for our planning is to go for simple reproduction first before considering expanded reproduction.

In Guiyang and Zunyi, Chen Muhua urged the People's Bank of China, specialized banks, trust and investment companies, and insurance companies to cooperate and coordinate with each other, support each other, and work as one to carry out banking reform; resolutely complete this year's arduous tasks; curb expanding demand; keep commodity prices under control; support economic development; and ensure a basic balance between the general demand and the general supply of society.

#### CORRECTION TO HU YAOBANG RESIGNS AS GENERAL SECRETARY

The following correction pertains to the item headlined "Hu Yaobang Resigns as General Secretary" published in the 16 Jan China DAILY REPORT, page 1, paragraph 10, line three:

...four members of the Secretariat of the CPC Central Committee, 17 leading members of the Central Advisory Commission...(supplying dropped words)

JIANGXI LEADERS MEET ADVANCED JOURNALISTS

OW260547 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 25 Feb 87

[Text] A meeting to commend advanced units and individuals in news reporting and newspaper publication, which was sponsored by JIANGXI RIBAO, closed in Nanchang this afternoon. The meeting reviewed and exchanged experience in running party newspapers and commended 118 advanced units and 210 outstanding correspondents and publishers.

Leaders of the provincial party committee Wan Shaofen, Wu Guangzheng, Liu Fangren, and Xu Qin called on participants in the meeting, and posed for pictures with them. They presented certificates and citations to representatives of the advanced units and individuals.

CADRES HELP TROOPS OPPOSE BOURGEOIS LIBERALISM

OW011416 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 28 Feb 87

[Text] The Nanjing Military Region has organized 83 working groups composed of some 260 headquarters cadres -- including Military Region Commander Xiang Shoushi and Political Commissar Fu Kuiqing -- in order to help the troops carry out a successful education in upholding the four cardinal principles and opposing bourgeois liberalization, implement in a down-to-earth way the guidelines of the enlarged meeting of the Central Military Commission, and made great efforts to promote the overall building of grass-roots Army units. The working groups will successively go to stay with troop units for 30 or 40 days, conduct investigations and studies there, and provide on-the-spot guidance to those units.

On 27 February afternoon, Political Commissar Fu Kuiqing briefed the comrades of the departing working groups on their tasks.

SHANDONG'S LIANG BUTING NOTES ECONOMIC REFORM

SK030818 Jinan Shandong Provincial Service in Mandarin 2300 GMT 2 Mar 87

[Text] Continually deepening reform is the major task for economic work this year. This is the demand set by the provincial forum on economic structural reform, which ended on 2 March. During the forum, Liang Buting, secretary of the provincial party committee, sent the forum a letter with regard to the question of deepening reform. Ma Shizhong and Ma Zhongchen, vice governors of the province, attended and addressed the forum.

In his letter, Liang Buting pointed out: After the party Central Committee advocated strengthening education on the four cardinal principles and opposing bourgeois liberalism, some people presumed that the policies concerning reform and opening to the outside world would be withdrawn. This is obviously a wrong idea. Leading comrades of the central authorities have repeatedly pointed out that if we refuse to carry out reform, there will be no way out; and if we fail to make progress in reform, there also will be no way out. Problems emerging in the course of reform should be solved with the prerequisite of adhering to reform, and the difficulties emerging in the course of reform should be overcome in the course of continually deepening the reform. Refusing to grasp reform is refusing to grasp what is of basic importance, just like refusing to grasp the four cardinal principles. This year party and government leading cadres at all levels in the province should concentrate on reform and strive to achieve something through conscientious work.



The forum stated: We should positively explore avenues for separating ownership from management by grasping the central link of invigorating enterprises. Small state-owned enterprises may vigorously institute leasing and contract management. In particular, some enterprises operating at a loss for a long time should be leased to others as early as possible. A few medium-sized enterprises operating at a loss or at a small profit should be allowed to institute leasing and contract management on a trial basis. All state-owned large and medium-sized enterprises should implement various forms of the responsibility system, and all collective-run enterprises and small state-owned enterprises may vigorously implement the stock system.

The forum stressed: Comprehensively instituting the system of having factory directors or managers assume full responsibility is the emphasis of the reform of enterprises' leading structure in this year. Those outstanding persons who can play a central role and hold themselves responsible in all matters of their enterprises should be elected as factory directors. Those enterprises which implement the stock system, leasing business, and contract management should actively carry out the bidding system and the method of electing factory directors by the masses so that they can be managed by entrepreneurs with real ability and learning. At the same time, we should resolutely check the extraction of unwarranted extra fees and funds from enterprises in order to safeguard the benefits of enterprises.

#### ZHEJIANG'S WANG FANG VIEWS 4 CARDINAL PRINCIPLES

OW031031 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 28 Feb 87

[Text] According to our reporter Chai Qiye, Wang Fang, secretary of the provincial party committee, addressed yesterday's provincial symposium on party building, focusing on how to properly understand four relationships, including that between upholding the four cardinal principles on the one hand, and carrying out reform, opening to the outside world, and enlivening the domestic economy on the other.

About the relationship between upholding the four cardinal principles on the one hand and carrying out reform, opening to the outside world, and enlivening the domestic economy on the other, Comrade Wang Fang said: Upholding the four cardinal principles and adhering to the policy of carrying out reform, opening to the outside world, and enlivening the domestic economy are interrelated, and none can be done without the others. Without stressing the four cardinal principles, we will have no correct orientation and guarantee for implementing the policy of carrying out reform, opening to the outside world, and enlivening the domestic economy. Without implementing this policy, we cannot quickly develop our social productive forces, and building socialism with distinctive Chinese characteristics will be out of the question. These are two fundamental points of the line formulated at the 3d Plenary Session of the 11th CPC Central Committee. Talking about one point but ignoring the other does not accord with this line. In our minds and in our practical work, we should combine these two fundamental points and draw related experiences and lessons from the past. In carrying out reform, opening to the outside world, and proceeding with the program of the four modernizations, we should not only oppose rigid and dogmatic viewpoints but also be alerted against and oppose bourgeois liberalization.

Referring to the relationship between the struggle against bourgeois liberalization and the campaign to increase production, practice economy, boost revenues, and cut expenditures, Comrade Wang Fang said: the central task of the whole party is economic construction. It is our party's long-term task of overall importance to uphold the four cardinal principles and wage the struggle against bourgeois liberalization.

In this regard, the primary task of party, government, and Army organs, as well as enterprises and institutions in urban areas, is to conduct positive education. They should not do this as an isolated task, but should combine it with the campaign to increase production, practice economy, boost revenues, and cut expenditures. When the education in upholding the four cardinal principles is carried out successfully, the orientation of reform and construction will be made clearer. Also, the spirit of hard struggle of cadres and masses will be carried forward and is bound to become a powerful motivating force for the campaign to increase production, practice economy, boost revenues, and cut expenditures. When this campaign is successful, production will develop and give greater economic benefits, and the people's living standards will be raised further. In that case, we will have more facts to refute fallacy of bourgeois liberalization and will be able to convince more effectively those people who lack comprehensive knowledge of the party's line and who fail to understand clearly the ideological trend of bourgeois liberalization.

Speaking about the relations between opposing bourgeois liberalization and enriching people's life with lively theoretical studies and more literary and art works, Comrade Wang Fang said: Upholding the four cardinal principles in the ideological and political field is consistent with the implementation of the double-hundred policy. It is entirely possible to promote theoretical studies as well as literary and art creativity under the guidance of the four cardinal principles. The four cardinal principles restrict bourgeois liberalization; but for the overwhelming majority, they represent their interests, will, and maximum freedom. Without the four cardinal principles, there would be no political stability and unity in China, and theoretical studies and literary and art creativity would be out of the question. Therefore, we must take a clear-cut and firm stand on the question of upholding the four cardinal principles. As far as the four cardinal principles are concerned, there are no restrictions to relax or concessions to make. Under the prerequisite of upholding the four cardinal principles, we should encourage the people to explore the new problems in socialist modernization by applying the basic theory of Marxism and to put forward new ideas. Under the principle of abiding by the Constitution and other laws, we should encourage the people to carry out free and earnest discussions and to practice criticism and counter-criticism.

Speaking about the relations between opposing bourgeois liberalization and launching a drive to increase production and practice economy and to increase revenues and cut expenditures, Comrade Wang Fang said: We must face the problems in our work and work style squarely, improve our work in all areas, and improve the party's image among the people. Within the party and among government organs, we should oppose a bureaucratic work style and unhealthy trends. Checking unhealthy trends also represents a concrete step in upholding the four cardinal principles. Without improving party work style and without carrying forward within the party the fine tradition of plain living, hard struggle, uprightness, honesty, and serving the people, we will be unable to unite with the broad masses and to minimize the market of bourgeois liberalization. Without improving party leadership we will be unable to uphold it. Every party member, responsible party cadres in particular, must have a sober understanding of this and maintain a high level of political consciousness.

GUANGDONG CONFERS ON PROMOTING RURAL REFORM

HK260902 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 25 Feb 87

[Text] A provincial forum held by the provincial party committee on in-depth rural reform concluded in Guangzhou on 25 February.

Responsible persons from all city and prefectural party committees, from all regional and autonomous prefectural party committees, and from the relevant provincial units attended the 6-day committees, and from the relevant provincial units attended the 6-day forum.

At the forum provincial party committee Deputy Secretary Guo Rongchang emphatically pointed out: This year the province must make new breakthroughs in 5 fields in promoting in-depth rural reform.

1. It is necessary to continuously reform the system of state monopoly for purchase and marketing of agricultural products, and to establish and perfect agricultural product markets.
2. It is necessary to continuously reform the circulation system and to open up various circulation channels.
3. It is necessary to reform the rural financial system and to develop various ways of capital accommodation.
4. It is necessary to continuously perfect the system of double-tiered operation and to develop various multi-tiered economic combination.
5. It is necessary to promote the reform of the agricultural science and technology system and to invigorate the rural economy by relying on science and technology.

Provincial party committee Secretary Lin Ruo delivered an important speech at the forum. He demanded that all localities grasp weak links in the current rural work, pay serious attention to grain production, prohibit arbitrary felling of trees, and do a good job in family planning work.

He stressed that it is necessary to further promote rural reform. The starting point for developing rural reform in depth is to develop the commodity economy. All departments and units relevant to development of commodity economy must vigorously support and pave way for the development of commodity economy.

GUANGXI LEADER STRESSES GRAIN, ECONOMY DRIVE

HK260333 Nanning Guangxi Regional Service in Mandarin 1030 GMT 25 Feb 87

[Excerpts] Regional government Chairman Wei Chunshu made a speech at the regional economic work conference, in which he discussed specific measures for vigorously developing grain production and launching an extensive drive to increase production and practice economy and increase revenue and practice economy.

Wei Chunshu said: We must put grain in the first place in agricultural production, get a really good grasp of it, and strive for a relatively big increase in output.



We must seriously grasp the following points in order to ensure the fulfillment of this year's plan for increasing grain production:

1. Ensure the sown area. The region must grow over 53 million mu of grain this year. This must be regarded as a mandatory plan, and targets must be firmed up for each level down to the peasant households.
2. Gradually increase input and practice scientific cultivation. The regional authorities have decided to increase water conservancy investment by 15 million yuan this year and to spend some foreign exchange on importing chemical fertilizer. All localities should also make some capital available for agriculture. It is necessary to do a good job in popularizing science and technology, and plant 10 million mu of hybrid rice and 2 million mu of hybrid corn this year. [passage omitted]
3. Do a good job in running commodity grain bases.
4. Adopt further measures to encourage the peasants to grow and sell grain. Apart from keeping last year's favored treatment policies and reward methods unchanged, we should, beginning this year, appropriately raise the procurement price of grain.
5. Exercise the necessary administrative intervention to ensure the fulfillment of the grain contract purchase tasks. Peasant households contracting land must ensure that they fulfill their grain contract purchase quotas. Moreover, they must fulfill their contracts by selling grain, and not hand over something else in its place. Households unable to fulfill their tasks will have to surrender the appropriate proportion of their contract land, and transfer it to other households. Those households taking over such land must recoup the quota shortfall of the previous contractors.

Chairman Wei Chunshu said: Industrial production departments, enterprises, and units must center their efforts on improving economic results, grasp the production of products with a ready market, work hard to improve quality and reduce input consumption, and launch extensive labor emulation. We must vigorously organize financial revenue on the basis of increasing production and enlivening circulation. The key lies in improving the management of tax collection. Last year the region collected over 2 billion yuan in taxes. This year we must strive for a further increase of about 12 percent. [passage omitted]

We must rationally readjust the investment structure and cut non-productive investment. We must grasp investment controls in this year's capital construction work. All construction projects must be covered by the plans. No projects not covered by the plan will be allowed. The banks must not allocate loans to violators, the design departments must not do design work for them, and the construction departments must not build such projects. Leaders responsible for such projects will be held accountable. The construction of large buildings, halls, trade centers and so on must be examined and approved by the regional Planning Commission. We must concentrate finances and materials to ensure key construction work and pay attention to improving the economic results of investment.

Wei Chunshu stressed: In this year's financial expenditure, we must ensure the reforms, the key projects, a good reserve strength, and a benign economic cycle. While striving to increase production and revenue, we must resolutely cut overinflated expenditures. We must in particular cut administrative expenditures and spending on undertakings.

We must strictly control increases in organs and staff and vigorously cut expenses on conferences. This year's expenditure must be cut by half on the basis of the actual figure for last year. Appropriate deductions will be made next year in cases where this rule is exceeded. Public expenditures of administrative units and undertakings must be cut by 10 to 30 percent on the basis of last year's budgeted figures. [passage omitted]

We must straighten out various price subsidies and control the growth in consumption funds. At the same time, we must be concerned for the masses' daily life and further promote the production and supply of non-staple foods. In particular, the five cities directly subordinate to the regional authorities must control the scale of price rises and step up price controls, inspection, and supervision. Indiscriminate imposition of charges and price hikes must be curbed. The rise in the region's retail price index this year must not exceed 6 percent.

Wei Chunshu also said: While getting a good grasp of material production and increasing production and practicing economy, we must continue to get a thoroughly good grasp of family planning and regard this as a major affair. We must change the masses' view of child birth, block major loopholes, and prevent the birth of two or more children. In places where family planning work has not yet been properly launched, it is necessary to concentrate some time and forces each year to focus on its and produce results.

#### GUANGXI MEETS TO INCREASE PRODUCTION DRIVE

HK020718 Nanning Guangxi Regional Service in Mandarin 1030 GMT 28 Feb 87

[Excerpts] This morning, at the current 25th meeting of the 6th regional People's Congress Standing Committee, Wang Rongzhen, vice chairman of the regional people's government delivered on behalf of the regional people's government a report on the current economic situation and initial plan for this year's economic work. She said that the main tasks for the province's economic work this year are: To extensively launch throughout the province and in all trades a drive to increase production, practice economy, increase income, and reduce expense; and to encourage the social habit of plain living and hard struggle, building up the country with industry and thrift, making more contributions, and strictly observing discipline. At the same time, it is necessary to deepen reform, to do a good job in financial circulation, and to readjust investment structure. The main measures to be taken are:

1. To curb excessive economic growth. [passage omitted]
2. To seriously carry out various specific work for deepening reform. [passage omitted]
3. To try every means to increase production and income. [passage omitted]
4. To reasonably readjust investment structure and to curb non-productive investment. [passage omitted]
5. To reduce financial expense. [passage omitted]
6. To firmly grasp family planning work.
7. To seriously strengthen leadership over the drive to increase production, practice economy, increase income, and reduce expense so as to implement all tasks and measures in a down-to-earth manner.

GUANGXI OPENS STANDING COMMITTEE MEETING

HK260157 Nanning Guangxi Regional Service in Mandarin 1030 GMT 24 Feb 87

[Text] The 25th meeting of the 6th autonomous regional People's Congress Standing Committee opened this morning in Nanning. Gan Ku, chairman of the regional People's Congress Standing Committee, presided over the meeting. First of all, he explained the meeting's agenda, citing the major items: To study and discuss the CPC Central Committee's documents on upholding the four cardinal principles and opposing bourgeois liberalization and the NPC Standing Committee's resolution on strengthening education in the legal system and safeguarding stability and unity; to listen to and discuss the regional people's government's reports on the region's work of spreading and general legal knowledge, on the current economic situation and the preliminary plan for this year's economic work, and on the reform of the regional scientific and technical system; to continue to discuss a revised draft for regulations on the exercise of autonomy in Guangxi Zhuang Autonomous Region and a revised draft for regulations on the management of irrigation work in Guangxi Zhuang Autonomous Region; to discuss a draft for provisional regulations on holding parades or demonstrations in Guangxi Zhuang Autonomous Region and a draft for measures to carry out the management of land in Guangxi Zhuang Autonomous Region; and to discuss the draft resolution on convening the fifth session of the sixth autonomous regional People's Congress, and a number of appointments and removals of personnel.

Committee members adopted the agenda for this meeting.

This morning committee members listened to a report on conveying the spirit of the 19th meeting of the 6th NPC Standing Committee delivered by Wei Zhangping, vice chairman of the regional People's Congress Standing Committee; listened to a report on the region's work of spreading general legal knowledge delivered by (Lan Xiufang), director of the regional Department of Justice; listened to an explanatory report on the draft for provisional regulations on holding parades or demonstrations in Guangxi Zhuang Autonomous Region delivered by (Guo Yongyun), deputy director of the regional Department of Public Security; and listened to a report on the results of the discussion on the draft for provisional regulations on holding parades or demonstrations in Guangxi Zhuang Autonomous Region delivered by (Wen Tao), vice chairman of the Law Committee under the regional People's Congress Standing Committee.

Attending this morning's meeting were Zhong Feng, Li Yindan, Lin Kewu, Shi Zhaotang, Huang Jia, Zhao Mingjian, Wei Zhangping, Qin Zhenwu, and Zhang Jingning, vice chairmen of the regional People's Congress Standing Committee.

Attending the meeting as non-voting delegates were Wu Keqing, vice chairman of the regional people's government, (Meng Dao), president of the regional Higher People's Court, (Qiu Donglin), acting chief procurator of the regional People's Procuratorate; responsible comrades from the regional Economic Commission, the regional Scientific and Technological Commission, the regional Department of Public Security, the regional Department of Water Resources and Electric Power, the regional Department of Justice, the regional Personnel Bureau, the regional Legislation Bureau, and the regional Land Administration Bureau and responsible comrades from a number of people's congress standing committees at city and county levels.



HEINAN GOVERNOR, PLA COMMANDER VIEW SOCIAL ORDER

HK270159 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 26 Feb 87

[Excerpts] On 26 February, He Zhukang, deputy secretary of the provincial party committee and governor, and Zhan Jingwu, member of the Standing Committee of the provincial party committee and commander of Henan Military District, spoke at the provincial conference on the comprehensive handling of social order problems. They dealt with questions of economic construction, administrative controls, and the participation of PLA units in the comprehensive handling of social order problems. [passage omitted]

Comrade He Zhukang said: The government departments must fully play their functional role in the comprehensive handling of social order problems. It is necessary to further strengthen the people's democratic dictatorship, crack down hard on all hostile elements who sabotage the socialist system, and continue to deal hard blows at serious economic and other crimes. We must strengthen administrative controls and legal measures. We must focus on the key points and resolve the outstanding problems. The cities and towns must step up control of internal units, public places, and complex trades. The rural areas must step up public order control in the township and town enterprises. We should establish and put on a sound basis as soon as possible village committees and security and mediation organizations.

Comrade He Zhukang stressed: The comprehensive handling of social order problems constitutes a major systematic project involving the whole of society. The party committees and government at all levels must strengthen leadership over this work.

Comrade Zhan Jingwu was commissioned by Jinan Military Region to speak at the meeting. He pointed out: Participation in the comprehensive handling of social order problems is the unshirkable duty and proper obligation of our Army. The comrades of the Army, and especially the party committees at all levels, must truly put participation in this work on their agenda and strengthen leadership over it. We must take the initiative in establishing close ties with the local political and legal organs, spontaneously accept guidance from the local government, actively work with the local authorities in doing a good job of public order, and be bold in struggling against violations of the Constitution and the law. We should fulfill all the tasks assigned by the local party committees and government and make active contributions to strengthening the comprehensive handling of social order problems in Henan.

Zhan Jingwu said: Joint efforts by the Army and the people in building socialist spiritual civilization constitute an effective way for the Army to take part in the comprehensive handling of social order problems. People's Armed Forces departments at all levels should do still better in coordinating these activities. The provincial Military District, the military subdistricts, and the People's Armed Forces must not only make a success of their own joint efforts in building socialist spiritual civilization, but must also play a bridging role between the Army and the localities. They should act as general staff departments for the local party committees and also keep close ties with the PLA units stationed in the localities, and help to solve problems in making joint efforts to build spiritual civilization.

We must organize and mobilize the militia to take part in the comprehensive handling of social order problems and give full play to their backbone and leading role in this work. [passage omitted]

HUBEI CONFERENCE ADVOCATES LEGAL KNOWLEDGE

HK261015 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 24 Feb 87

[Excerpts] The 4-day second provincial conference on popularizing basic legal knowledge concluded in Wuchang on 21 February.

The conference demanded that this year the province must popularize legal knowledge focusing on the Constitution so as to strengthen the sense of citizenship and constitution of cadres and the masses. Party committees, people's congress standing committees, and governments at all levels must strengthen leadership over this work, ensure fulfillment of this task in quantity and quality, and push the work of popularizing legal knowledge in the province to a new level.

Qian Yunlu, deputy secretary of the provincial party committee and director of the provincial leading group for popularizing legal knowledge, delivered a summation speech at the conference.

He said: Since the 3d Plenary Session of the 11th CPC Central Committee, Comrade Deng Xiaoping has repeatedly stressed that in the period of building socialist modernization, we must grasp construction on the one hand and legality on the other. The work of popularizing legal knowledge is a prime issue for legality building. We must fulfill the task of popularizing legal knowledge among all citizens within 3 years. [passage omitted]

Gian Yunlu also made some specific suggestions on properly implementing the spirit of a decision made by the NPC Standing Committee on strengthening education in legality and safeguarding unity and stability, on this year's tasks for popularizing legal knowledge, and on making continuous efforts to strengthen leadership over the work. [passage omitted]

Also delivering speeches at the conference were Tian Ying, vice chairman of the provincial People's Congress Standing Committee and deputy director of the provincial leading group for popularizing legal knowledge; (Tian Xiyu), Standing Committee member of the provincial party committee and secretary of the provincial Political and Legal Commission and deputy director of the provincial leading group for popularizing legal knowledge.

(Yang Yucal), deputy director of the provincial Leading Group for Popularizing Legal Knowledge an director off the provincial Judicial Department, delivered a report on popularizing legal knowledge with the Construction as its center.

Zhang Peng, deputy director of the Propaganda Department of the provincial party committee, delivered a speech on propaganda work in popularizing legal knowledge.

At the conference the participants studied the relevant documents of the CPC Central Committee and the decision made by the NPC Standing Committee on strengthening stability and unity, and relayed and implemented the spirit of the second national conference on popularizing legal knowledge. [passage omitted]

To push ahead with the work of popularizing legal knowledge this year, the conference demand that all localities treat cadres, leading cadres in particular, and youngsters as the main targets for popularizing legal knowledge. [passage omitted]

Attending the conference were responsible comrades of party committees, people's congress standing committees, governments, propaganda departments, and judicial departments from all prefectures, autonomous prefectures, and cities; members of county and city leading groups for popularizing legal knowledge; and responsible comrades from the relevant provincial organs, enterprises, colleges, and universities.

Representatives from some advanced units in popularizing legal knowledge introduced their experiences at the conference.

#### HUBEI MEETING DISCUSSES FAMILY PLANNING

HK020231 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 1 Mar 87

[Excerpts] The provincial government has convened a provincial family planning work conference, which demanded that all localities unify their understanding, stabilize the policies, strictly control population growth, and raise the province's family planning work to a new level. Provincial party committee Secretary Guan Guangfu, Deputy Secretary and Governor Guo Zhenqian, and Deputy Secretary Qian Yunlu spoke at the meeting. Vice Governor Liang Shufen presided and made a report.

The meeting held that Hubei has seriously implemented the relevant CPC Central Committee policies since the 3d Plenary Session of the 11th CPC Central Committee and scored great success in family planning work. Some 400,000 fewer births than would normally have been expected occurred during the Sixth 5-Year Plan. The cyclical impact of the province's first birth peak has now passed. [passage omitted]

While endorsing the achievements, the meeting also found and analyzed the current existing problems: 1) Some leaders lack sufficient understanding of the importance, difficulty, and long-term nature of family planning. They lack all-round and correct understanding of the birth policies, fail to implement them resolutely, and do not get a tight grasp of the work. 2) In the wake of the development of commodity economy, the mobile urban population has increased, and family planning controls on this sector have not kept abreast of requirements. 3) The cadres and party and CYL members in some places have not taken the lead in practicing family planning.

The participants held that the existence of these problems shows that the task of family planning remains very arduous and there is a lot of hard work to do.

In their speeches, Guan Guangfu and Guo Zhenqian demanded that the party committees and government at all levels raise family planning to a strategic plane and strengthen their sense of urgency for doing a good job in it. [passage omitted]

#### HUBEI MEETING STRESSES PRODUCTION, ECONOMY DRIVE

HK260601 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 25 Feb 87

[Excerpts] The provincial party committee and government held a gathering of provincial organ cadres in the Hongshan Hall, Wuchang, today to mobilize the cadres and workers of all provincial departments and units and the people throughout the province to launch an extensive drive to increase production and practice economy and increase revenue and economize expenditure, in accordance with the strategic plan of the CPC Central Committee and State Council to promote the sustained, steady, and healthy development of the province's economy.



Provincial party committee Secretary Guan Guangfu presided at the gathering.

Guo Zhenqian, deputy secretary of the provincial party committee and governor, delivered a report entitled "Rapidly Mobilize and Launch an Extensive Drive To Increase Production and Practice Economy and Increase Revenue and Economize Expenditure." The report was in six parts: 1) Profoundly understand the great significance of launching this drive; 2) resolutely fulfill the tasks of economizing assigned to the province by the central authorities; 3) strive to increase output and revenue and achieve all-round improvement of enterprise economic results; 4) get a good grasp of grain and cotton production and strive for an all-round bumper harvest in agriculture; 5) resolutely cut investment in fixed assets and vigorously readjust the investment structure; 6) all levels should advance with one will and in step to ensure the smooth progress of this drive.

Guo Zhenqian said: An important meeting convened by the State Council decided that we must compress the overheated economic atmosphere this year and launch a drive to increase production and practice economy and increase revenue and economize expenditure in all trades and sectors, to place the whole national economy on a foundation of long-term stable development. This is an important plan of the CPC Central Committee and State Council and major policy decision related to the overall situation. It is by no means an expedient.

The provincial organs bear an important responsibility in launching this drive throughout the province. We must enhance understanding, unify thinking, and take action as soon as possible to set an example for stimulating the drive throughout the province.

Guo Zhenqian said: Last year all fronts in the province registered new success in consolidating, digesting, supplementing, and improving the reforms already tabled. However, there are also latent factors for instability in the province's economic life. Many places and departments have blindly expanded investment in fixed assets, ignoring actual requirements and possibilities. They have built many large buildings, halls, centers, streets, and other non-productive construction projects. They have also blindly launched some general processing industries which lacked sufficient construction capital and proper production conditions and whose economic results are very poor. In financial expenditure, there has been a big increase in spending on meetings, travel, purchases, and other non-productive items. Such lavishness can only cause losses in economic construction and corrupt people's thinking. The leaders at all levels must enhance understanding of the importance of increasing production and practicing economy and increasing revenue and economizing expenditure. We must also have a correct and all-round comprehension of the spirit of arduous struggle and building the country with hard work and thrift, and of the importance of launching this drive.

We must guard against slackness in economic work. The provincial party committee and government have explicitly stated that while compressing the overheated atmosphere, we must also go all-out to achieve targets that can be achieved so long as the effort is made. We must first promote this year's industrial and agricultural production and improve economic results.

Guo Zhenqian said: The provincial party committee and government have laid down five principles to ensure the fulfillment of the economizing plan assigned to Hubei by the central authorities.

The five principles state: 1) Ensure the fulfillment of the task of central borrowing of money from the provinces; 2) ensure normal production with steady growth; 3) live thriftily; 4) act according to our capacity in carrying out capital construction, and boost the reserve force for economic development; 5) display the spirit of arduous struggle in increasing production and practicing economy and increasing revenue and economizing expenditure. The guiding idea on economizing should be: We can only be taut and strict, not slack and relaxed. [passage omitted]

To vigorously economize expenditure on administration and undertakings, it is essential to take resolute measures, and we are now announcing the following measures to the whole province: 1) Cut down on meeting. Expenditure on meetings must be cut by one-third from last year's level. 2) Cut spending on professional work by one-third from the level laid down in the year's plan. 3) Strictly control the establishment of organs and staffing in administrative units. Temporary organs should be abolished or amalgamated if possible; generally speaking, financial expenditure will not be provided for those that must be retained. 4) Strictly control the purchasing power of social groups. In principle, permission will be refused for administrative units and undertakings to buy 18 items, including automobiles, sofas, carpets, and air conditioners. 5) Put a stop to using public funds for tourism or disguised tourism. 6) Activity centers should, as far as possible, use existing buildings and sites. The building of new centers is banned across the board. From now on, we are demanding that all places and departments strictly act according to these six measures.

Guo Zhenqian said: In order to promote industrial production, we must seriously grasp the following tasks this year, centered on achieving all-round improvement of economic results:

1. Strive to readjust the production structure and improve quality. [passage omitted]
2. Speed up technological progress and strive to have this year's projects in operation and producing results as early as possible.
3. Work hard to reduce energy consumption and costs.
4. Continue to reduce deficits and increase surpluses.
5. The commerce, supply and marketing, and grain systems must work hard to step up the coordinated reform of the circulation setup.
6. Deepen the reforms and further invigorate the enterprises.

On agricultural production, Comrade Guo Zhenqian said: This year we must continue to unswervingly assign agriculture an important position and do everything possible to reap a bumper harvest:

1. Continue to get a good grasp of grain and cotton production and ensure steady increase in their output.
2. Actively and steadily promote readjustment of the rural production structure. [passage omitted]
3. Vigorously develop township and town enterprises.

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4. Improve the level of science and technology and improve the conditions for agricultural production. Agricultural input should be increased.

5. Continue to step up economic development in poor areas.

6. Firmly embrace the idea of fighting natural disasters to reap a bumper harvest.  
[passage omitted]

This year it is necessary to summon up resolve to carry out another stock-taking of construction project and stop or delay construction of some non-productive projects and general processing industry projects. [passage omitted]

#### HUNAN MEETING VIEWS UNIVERSITY STUDENT PROBLEMS

HK010317 Changsha Hunan Provincial Service in Mandarin 2300 GMT 28 Feb 87

[Excerpts] Vice Governor Wang Xiangtian stressed on 28 February that the first task in political and ideological work on the education front this year is to oppose bourgeois liberalization. At present the most urgent and conspicuous problem is to further stabilize the situation in the tertiary education institutes. He said this at a meeting of responsible persons of tertiary education institutes and of education commissions of prefectures and cities.

Comrade Wang Xiangtian first evaluated the situation on the province's education front, especially in the tertiary education institutes. He said: The great majority of students in Hunan's tertiary education institutes have behaved well. No great trouble occurred during the student unrest at the end of last year. However, that does not mean that there is no problem. Some students harbor varying degrees of doubt about the four cardinal principles. They have not truly resolved their ideological problems. Hence, we must now concentrate efforts in further stabilizing the situation in the tertiary education institutes. And in doing this, we must mainly depend on stepping up and improving ideological and political work.

The school leaders must be enthusiastic in conducting ideological and political work for the students and take the initiative in developing and putting on a sound basis various channels for holding regular dialogue. It is necessary to get a good grasp of teaching and logistics work and strictly enforce school discipline and regulations, to create an excellent study and daily life environment for the students. [passage omitted]

Wang Xiangtian also spoke on upholding the socialist orientation of tertiary education institutes, the guidelines for training students, and on overcoming the trend of one-sidedly seeking a high percentage of students going on to higher education. He also spoke on questions of professional and technical education and adult education. [passage omitted]



LI XIMING AT BEIJING LECTURE GROUP FORUM

SK030755 Beijing BEIJING RIBAO in Chinese 21 Feb 87 p 1

[Excerpts] Yesterday, the municipal party committee and government held a forum of members of the Beijing Municipal Lecturers' Group to extend regards to all members of the lecturers' group who have contributed to developing educational undertakings in the suburban areas during the past 6 months and to affirm their achievements in following the path of integrating their work with reality. It was also stressed at the forum that giving consideration to reality and the masses is a glorious task in helping young people and intellectuals to become competent persons.

Attending the forum were Li Ximing, Wang Xian, Bai Jiefu, Xu Weicheng, Wang Jialiu, Wang Guang, Zhang Mingyi, Zhang Dazhong, and Chen Haosu, and Zhang Baojin, deputy director of the office responsible for the central lecturers' group.

The municipal lecturers' group is composed of 637 members. They are engaged in the work of supporting education in more than 200 educational units in 10 counties (districts) in the outer suburbs. [passage omitted] At present nearly 200 comrades have applied for party membership from the general party branch, and about one-fourth of them have been commended by leading departments at all levels.

At the forum, eight members of the lecturers' group reported on their achievements and experiences in supporting education. [passage omitted]

Responsible comrades of the municipal party committee and government gave speeches at the forum. They pointed out: Without intellectuals, the great victory of the Chinese revolution would have been impossible. However, intellectuals can overcome their own weak points and contribute to society only by following the road of integrating the efforts of workers and peasants, and their work with reality. Some people have the idea to separate youths and intellectuals from the party and the masses. This will make the young people and intellectuals lose the foundation for their healthy growth and the best arena for realizing the "value of life." They expressed the hope that all members of the lecturers' group will firmly follow the path indicated by the party, conscientiously sum up experiences, maintain the good work style of combining their work with practice, and mobilize more young people to participate in this meaningful work.

HEBEI LEADER DISCUSSES OPPOSING LIBERALIZATION

HK010637 Shijiazhuang Hebei Provincial Service in Mandarin 0000 GMT 1 Mar 87

[Excerpts] The 1 March HEBEI RIBAO publishes an important speech made by provincial party committee Secretary Xing Chongzhi to a meeting of prefectural and city party committee secretaries on 25 February, entitled "Upholding the Four Cardinal Principles and Launch In Depth the Struggle Against Bourgeois Liberalization."

Comrade Xing Chongzhi spoke on the following six issues: 1) The party committees must get a really good grasp of the major affair of launching the struggle against bourgeois liberalization; 2) constantly focus on conducting positive education for the party members; 3) further strengthen and improve ideological and political work in tertiary education institutes; 4) cultural undertakings such as the press, publishing, radio, and television must uphold a correct ideological and political orientation; 5) find out the situation, grasp the policies, and provide careful guidance for the healthy development of this struggle; and 6) do a good job in work in all respects while opposing bourgeois liberalization. [passage omitted]

Comrade Xing Chongzhi stressed the following points:

1. It is essential to vigorously step up ideological and political work and improve party leadership. [passage omitted]
2. Strengthen the building of party spirit and boost the party's combat strength. The goal of people preaching bourgeois liberalization in vigorously smearing and slandering our party is to remove and oppose party leadership over socialism. We must resolutely criticize and refute this. However, we must also realize that certain negative phenomena indeed exist in the party. For instance, a few party-member cadres abuse their powers and practice individualism, bureaucratism, and liberalism, and violate law and discipline; and other unhealthy trends, which were curbed for a time, such as spending public funds on giving banquets and presenting gifts, lavish eating and drinking, extravagance and waste, and resorting to deception, have appeared again to some extent in certain places and units. Hence, we must certainly not conceal and even deny the problems in our party style for the sake of repulsing the attacks of a few people. Still less is it permissible, under the pretext of opposing bourgeois liberalization, to suppress or deal blows at the masses for criticizing unhealthy trends in our party. We must focus on resolving problems that cause strong reactions and resentment among the masses, and strive to build a good party style.
3. Further develop socialist democracy and perfect the socialist legal system. [passage omitted]
4. We must persevere in taking economic construction as the core task, and focus on deepening the reforms and on increasing production and practicing economy and increasing revenue and economizing expenditure. The general demand in economic work this year is to implement the spirit of the State Council's conference of governors, compress the overheated atmosphere, control investment in fixed assets, and resolutely cut the expanding expenditures not covered by the budget and non-productive expenditures, to ensure key state and provincial construction projects. Under the premise of achieving an all-round improvement in economic results, we should maintain an appropriate growth rate to ensure that the national economy can develop with long-term stability.

HEBEI LEADER FAVORS POOR VILLAGES' GOOD LEADERS

HK030217 Shijiazhuang Hebei P-rovincial Service in Mandarin 0000 GMT 3 Mar 87

[Text] While conducting investigation and study in Jingxing County on 26 February, provincial party committee Secretary Xing Chongzhi said that a key issue in extricating poor villages from poverty and making them rich is to select good village party branch secretaries and village committee chairmen.

Comrade Xing Chongzhi said: Able hands from the village itself or from other villages can be appointed chairmen of the village committees. The county and township authorities should also encourage cadres with a sense of the cause to take up office in the villages. With the personnel selected well, a village can very quickly be transformed, and a village transformed can lead forward a large surrounding area.

GAO DI SPEAKS AT JILIN ENLARGED PLENARY SESSION

SK020600 Changchun Jilin Provincial Service in Mandarin 1030 GMT 1 Mar 87

[Text] The Fifth Enlarged Plenary Session of the Fourth Jilin Provincial CPC Committee was held in Changchun from 24 to 28 February. The session called on the province to concentrate efforts on grasping two great matters this year. One is to deepen reform, to increase production and practice economy, to raise efficiency, and to make efforts to comprehensively realize the province's Seventh 5-Year Plan. The other is to adhere to the four cardinal principles, to oppose bourgeois liberalism, and to consciously strengthen the province's socialist spiritual civilization.

Members and alternate members of the provincial party committee attended the session. Attending the session as observers were 232 people, including members of the provincial Advisory Commission and the provincial Discipline Inspection Commission, and responsible comrades of all provincial-level departments and all city, prefectural and autonomous prefectural party committees. Attending the session were Gao Di, Wang Daren, Zhao Xiu, Gao Dezhan, Liu Jingzhi, Wang Zhongyu, Song Jiehan, Zhang Shiyong, Huo Mingguang, Liu Yunzhao, Zhang Fengqi, Chen Xingyin, Li Dezhu, Li Yaquan, Du Qinglin, Hui Liangyu, Xiao Chun, Wang Jiping, Li Shuren, Chen Hong, Feng Yingkui, (Jiang Zhuo), (Qian Benyong), Liu Cikai, Cui Lin, Dong Su, Wang Jiren, Renqinzhamsu, Xu Yuancun, Cao Wen, Liu Shulin, Wang Jinshan, He Yunqing, Xin Cheng, Jin Minghan, Yu Weizhi, and (Zhao Yongdi).

Gao Di, secretary of the provincial party committee, presided over the session. Participants heard a speech on deepening reform, increasing production, practicing economy, raising efficiency, and striving for comprehensively realizing the province's Seventh 5-Year Plan delivered by Gao Dezhan, deputy secretary of the provincial party committee and governor of the province; and a speech on adhering to the four cardinal principles, opposing bourgeois liberalism, and consciously strengthening the province's socialist spiritual civilization made by Wang Zhongyu, deputy secretary of the provincial party committee. The session examined and discussed a draft proposal for the province's Seventh 5-Year Plan and defined a preparatory list of candidates for the province's delegates to the 13th party congress. Comrade Gao Di made a summing-up speech at the conclusion of the session.

The session held: Thanks to the fact that during the Sixth 5-Year Plan, the party committees and governments of all levels throughout the province had conscientiously implemented the line, principles, and policies set forth since 3d Plenary Session of the 11th CPC Central Committee, adhered to the four cardinal principles, comprehensively implemented the principles of readjusting, restructuring, consolidating, and improving the national economy, of enlivening the domestic economy, and of opening the country to the outside world, and conducted economic restructuring in a step-by-step manner, and with the concerted efforts of the people of all nationalities throughout the province, the province successfully fulfilled the Sixth 5-Year Plan, scored new achievements in work on all fronts, and further consolidated and developed the political situation characterized by stability and unity. The province's political and economic situation during the Sixth 5-Year Plan was among the best since the founding of the PRC. The province made another good beginning in 1986, the first year of the Seventh 5-Year Plan. The province still reaped a good grain harvest despite serious disasters in 1986. On the basis of raising economic results, the province's industrial production has continued to increase steadily. The achievements made during the Sixth 5-Year Plan created favorable conditions for smoothly fulfilling the 1986 plan and for implementing the Seventh 5-Year Plan.



The session held: While fully affirming the achievements, we must clearly understand that the province still has many problems and difficulties in economic and social development. Particularly, the province lags far behind compared with advanced provinces and municipalities. These problems and difficulties are unfavorable factors in the course of advance as well as in potential for further economic development. We must adopt appropriate countermeasures to gradually solve these problems and difficulties.

The session held: The Seventh 5-Year Plan is a key period in conducting the province's economic restructuring and stabilizing the development of the province's economy. The general guiding ideology which we must abide by and implement during this period is to continue conscientiously implementing the line, principles, and policies set forth since the 3d Plenary Session of the 11th CPC Central Committee in line with the overall requirement for building socialism with Chinese characteristics: to adhere to the four cardinal principles; to oppose bourgeois liberalism; to persist in the principles of conducting reform, opening the country to the outside world, and enlivening the domestic economy; to vigorously develop the social productive forces; and to promote the long-term and steady development of the national economy. In accordance with the plan of the party Central Committee and the State Council, our province must concentrate efforts on grasping two great matters this year. One is to conduct activities in the economic field such as increasing production, practicing economy, increasing revenue, and reducing expenditures in order to promote a long-term and steady development of the national economy. The key tasks for promoting the province's economic work this year are to continue deepening reform; to focus on strengthening reserve strength for agricultural development and enlivening enterprises, particularly large and medium-sized enterprises; to advocate the social practices of building up the country through arduous labor, diligence, and frugality, making more contributions, and strictly abiding by discipline; and to extensively and deeply launch the activities of increasing production, practicing economy, increasing revenue, and reducing expenditures so as to promote the sustained, steady, and coordinated development of the national economy. The other great matter by which the province should abide this year is that the political and ideological field must resolutely oppose bourgeois liberalism, adhere to the four cardinal principles, and correct the political orientation.

The session held: Generally speaking, the situation in the province's political and ideological front is good, and the people in this field have adhered to the four cardinal principles and implemented the line, principles and policies set forth since the 3d Plenary Session of the 11th CPC Central Committee. However, we must clearly understand we cannot underestimate the influence of the ideological trend of bourgeois liberalism, and must understand that weak links and chaos still exist in the political and ideological field. The province neglected adherence to the four cardinal principles and resistance to the obstructions brought about by the right, and failed to regard bourgeois liberalism as a kind of social ideological trend. Therefore, we failed to fully estimate its serious harm or to effectively resist and deal blows to this trend. Party committees at all levels, particularly party-member leading cadres, should fully understand the profound significance of the struggle against bourgeois liberalism, should unite their thinking with the guidelines of the enlarged meeting of the Political Bureau of the CPC Central Committee.

The session held: In order to sustainedly and healthily launch the struggle against bourgeois liberalism, we must clearly understand the scale and priorities of the struggle and the principles, policies, and methods to carry out the struggle, and must conduct education on adhering to the four cardinal principles. Party organizations of the political and ideological fronts and all departments should guide and organize Communist Party members to initiatively engage themselves in the struggle.

On the basis of deepening the study in a step-by-step manner, we should proceed from reality, sum up experiences, clearly understand the harmfulness of bourgeois liberalism, and eliminate its influence. Party organizations of the ideological and cultural circles should pay attention to grasping policies, but must neither examine everyone or allow all the people to be examined to pass tests. On the premise of adhering to the four cardinal principles, we should conscientiously strengthen socialist spiritual civilization.

At present, we must grasp the following few tasks. First, we should further encourage high ideals. Second, we should deeply conduct education on building up the country through hard labor, diligence, and frugality closely in line with the activities of increasing production, practicing economy, increasing revenue, and reducing expenditures. Third, we should foster the new idea of socialist commodity development to closely serve the deepening of reform. Fourth, we should strengthen the improvement of socialist morality with the focus on conducting education on professional ethics in an effort to promote a fundamental turn for the better in social order. Fifth, we should strengthen education on socialist democracy, legality, and discipline.

In his summing-up speech, Comrade Gao Di emphatically pointed out: Through the struggle against bourgeois liberalism, party committees at all levels should conscientiously strengthen ideological and political work. Ideological and political work is the lifeblood of economic work and work in other fields. We must rely on the party's ideological and political work to upgrade the people's awareness of revolution and construction. This is the ideological and political foundation to achieve the work in all fields. While strengthening leadership over economic work and ideological and political work, the party committees should make greater efforts to grasp the work on the political and ideological fronts. This is an important duty of party committees. We should implement democratic centralism and pay special attention to studying Marxist theory. Efforts must be made to create a strong atmosphere to study Marxist theory. Through study, we should be able to apply the Marxist stand, viewpoints, and methods to observe, analyze, and handle various problems. By so doing, we will be able to greatly reduce ideological onesidedness and avoid making mistakes in our work and we will certainly upgrade our work to a new level.

Comrade Gao Di said: Under the new historical situation of conducting reform and construction, we should enhance the unity of the party, should say and do what is conducive to promoting unity but not say and do what is not conducive to unity. New comrades should respect old comrades while old comrades should help new comrades. Comrades must care for and help each other. The people at both the higher and lower levels should show understanding and sympathy for each other. Departments should support each other.

The session called on party organizations at all levels and all party members to enthusiastically take action, to vie with each other to make contributions to socialist material and spiritual civilizations, to guide all people of the province to fulfill all tasks for this year, and to provide concrete deeds to welcome the convocation of the 13th party congress.

Before the session was held, the provincial party committee invited some retired cadres to a forum to report them the situation of this session. Attending the forum were Yu Lin, Yu Ke, Zhang Kaijing, Mu Lin, Song Renyuan, Zhao Tianye, Yang Zhantao, Shi Linqi, Yan Zitao, Wang Guanchao, and (Yue Lin).

JILIN COMMENTARY VIEWS FULFILLING 1987 TASKS

SK020604 Changchun Jilin Provincial Service in Mandarin 1030 GMT 1 Mar 87

[Station commentary: "Concentrate on Successfully Grasping the Two Major Tasks of 1987"]

[Text] After fulfilling its scheduled tasks, the Fifth Enlarged Plenary Session of the Fourth Jilin Provincial CPC Committee successfully concluded. The session analyzed the province's situation, further unified the thinking and enhanced the consciousness of implementing the line set forth during the period since the 3d Plenary Session of the 11th CPC Central Committee, and further strengthened the party's confidence in leading the people throughout the province to uphold the four cardinal principles, to uphold the drive to conduct reforms and to enforce the policy of opening to the outside world in order to enliven the domestic economy, to unite as one in waging arduous struggle, and to make unwavering efforts to go all out to make the province strong and prosperous.

The CPC Central Committee and the State Council have decided to successfully grasp the following two major tasks: One is to launch the movement of increasing production and practicing economy, and of increasing incomes and curtailing spending in the economic field so as to lay the national economy on a protractedly stable foundation. The other is to resolutely oppose bourgeois liberalism in the political and ideological fields, to uphold the four cardinal principles, and to strengthen the political orientation. Only by making a success of the two tasks can we successfully promote the work in various fields throughout the province.

In 1987 our province will encounter more difficulties in economic work. Therefore, in order to overcome all difficulties, to ensure the fulfillment of various tasks in 1987, and to lay a solid foundation for realizing the grand targets of the Seventh 5-Year Plan, it is imperative to extensively and deeply carry out the movement of increasing production and practicing economy and of increasing incomes and curtailing spending. The movement not only represents an important measure for successfully building a material civilization, but also represents an important task of enhancing the building of socialist spiritual civilization and of improving party style and social morale.

The key to successfully increasing production and practicing economy as well as increasing incomes and curtailing spending lies in grasping the work of implementation. This means that we should resolutely improve the hotheaded idea of economic construction and curtail the number of minor projects and the volume of nonproductive expenses. Staff members and workers throughout the province should offer their opinions and suggestions and make contributions to the movement of increasing production and practicing economy as well as of increasing incomes and curtailing spending. Party and government organs, various establishments, and units should upgrade their working efficiency, curtail their spending, and should do more things by spending less money. Efforts should be made to combat the bad practices of indulging in extravagance and waste and to foster the good practice of conducting various undertakings industriously. Meanwhile, we should carry out the struggle against bourgeois liberalism in a sustained and healthy manner, because it has a vital bearing on the party's fate and the future of socialism.

In opposing bourgeois liberalism, we should adopt a resolute attitude toward the struggle, refrain from giving up halfway, and carry out the struggle strictly according to the provisions and arrangements made by the central authorities.



A good job should be done in realistically conducting education on positive deeds among party members, earnestly dealing with problems cropping up on the political and ideological front, straightening out the political orientation, and further improving or enhancing political and ideological work among the schools. Efforts should be made to justly and forcefully conduct convincing education and propaganda work in society as a whole with regard to upholding the four cardinal principles and upholding the drive to conduct reforms and to enforce the policy of opening to the outside world in order to enliven the domestic economy. Through the struggle against bourgeois liberalism and under the guidance of the principles of letting a hundred flowers blossom and a hundred schools of thought contend and of rendering services to the people and socialism, we should enable various work on the ideological and cultural fronts to become more lively and flourishing.

The enlarged plenary session was a gathering in which the participants further studied the party's line set forth during the period since the 3d Plenary Session of the 11th CPC Central Committee by bearing in mind the actual situation. The session has great significance on better understanding or grasping the two basic tasks of upholding the four cardinal principles and upholding the drive to conduct reforms and to enforce the policy of opening to the outside world in order to enliven the domestic economy and on unifying thinking, targets, purpose, and action. We should earnestly implement the spirit the enlarged plenary session, do a good job in fulfilling the two major tasks this year, promote the work in other fields, and should score marked achievements to greet the convocation of the 13th CPC Congress.

#### LIAONING ACTING GOVERNOR SPEAKS AT WORK MEETING

SK010134 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 27 Feb 87

[Text] At the rural work conference of the provincial party committee, which ended on 27 February, Comrade Li Changchun, deputy secretary of the provincial party committee and acting governor, gave a summing-up speech entitled "Clearly Understand the New Situation, Blaze New Trails, and Promote a New Development in the Rural Commodity Economy." His speech was divided into four parts: 1) The province's rural economic development has changed in various stages; 2) blaze new trails for developing the rural economy in Liaoning Province; 3) conscientiously implement central document No 5, deepen rural reform, stabilize grain production, and develop a diversified economy; and 4) strengthen leadership over rural work.

In his speech, Comrade Li Changchun said: In 1986, we continued to deepen our province's rural reform, gradually established a flexible and diversified economic system which takes the multilayered cooperative economy as its main form and is characterized by diversified economic forms and ownership, further developed market mechanisms, increased the income of peasants, and scored fairly good achievements in rural party rectification. The province's total agricultural output value stood at 9.65 billion yuan, up 10.3 percent over the previous year. The total income of township enterprises reached 19 billion yuan and more, up 32.8 percent over the previous year. The total product of rural society reached 30 billion yuan, up 19.8 percent over the previous year and a new record in history.

Comrade Li Changchun said: Under the excellent situation, there are also some new problems which merit our attention. The production of grain and some economic crops dropped, the momentum for development was inadequate, and the development of the rural economy was uneven. If we fail to instill new vitality into the rural economy, the rate of agricultural development will slow down. How to strengthen the agricultural development capacity and how to explore new ways to achieve increases are the new tasks put forward by the new objective situation.

The contradictions in our road of advance must be solved by deepening reform, and new measures must be adopted to mobilize the enthusiasm of peasants.

In line with the province's practice in the rural areas in the past few years, Li Changchun highly appraised a dozen or more experiences introduced at the conference. He pointed out in particular that the experience of Shenyang City in exploring ways to integrate the urban and rural areas is of universal significance, since it has provided experience for all localities for reference. He said: The provincial party committee has maintained that integrating the urban and rural areas is a new way to invigorate our province's rural economy, urban industry, and the entire national economy.

While touching on the tasks for this year and for the future, Comrade Li Changchun said: In 1987, the main tasks for the province's rural economic work are to conscientiously implement the guidelines of the central rural work conference, comprehensively implement document No 5 issued by the central authorities, further strengthen leadership over rural work, continue to uphold the principle of not relaxing efforts in grain cultivation while diversifying the economy, continue to develop township enterprises, strive to strengthen the capacity of rural areas to develop themselves, and promote comprehensive, steady, and coordinated development in the rural commodity economy.

While touching on strengthening leadership over rural work, Comrade Li Changchun said: While the rural economy is undergoing changes in various stages, it is of especially great significance in strengthening the leadership of the party and government over rural work. On behalf of the provincial party and government organs, he called on the party committees and governments at all levels to include rural work on their leaders' agenda, and conscientiously study and solve the major problems in rural work. He also urged the top leaders of the party and government organs of various cities and counties to grasp rural work. He said: All economic departments should assign principal responsible comrades to grasp rural work. It is necessary to foster and develop new ideas concerning the rural economy and strive to raise our ability to manage the urban and rural commodity economy. We should make a clear announcement to the rural cadres and the masses that the rural line, principles and policies defined by the 3d Plenary Session of the 11th CPC Central Committee will remain unchanged. The family-based output-related contract responsibility system; the policy on taking public ownership economy as the main body, allowing the coexistence of diversified forms of economic ownership, developing specialized households, and allowing the existence and development of private enterprises; the system of reforming the unified and assigned purchase of farm products; and the policy of invigorating the rural economy will remain unchanged also.

We should strive to raise the ideological and ethical levels of peasants as well as their scientific and cultural levels, help them be free from the influence of outdated ideas and habits, urge them to practice family planning, promote the fine traditions of practicing economy and working hard, strengthen our ability to develop commodity production, and strive to comprehensively fulfill the rural party rectification task prior to May Day this year. The provincial party committee has called on leaders at all levels to conscientiously change their work style, deeply and thoroughly investigate and study all problems that have emerged in rural reform and in the development of the rural commodity economy, and find out ways to solve them.

At the end of his speech, Li Changchun said: The provincial party committee and government hope that the cadres at all levels will enhance their spirit, be keen on reform, brave their way forward, overcome difficulties, blaze new trails, strive to comprehensively fulfill the province's 1987 rural tasks, and promote new development in the rural commodity economy.

LI ZIQI ADDRESSES GANSU LIBERALIZATION MEETING

HK021011 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 28 Feb 87

[Report by station reporter (Niu Jingxiang)]

[Text] The provincial party committee today convened a report-back meeting of provincial organs on studying the central documents and launching the struggle against bourgeois liberalization to exchange and sum up experiences in the study.

After listening to reports made by relevant units of provincial organs, Li Ziqi, secretary of the provincial party committee, delivered a speech. He said: During the previous period, all areas and departments throughout the province, including departments of propaganda and education and affiliated organizations, studied the central documents and launched the struggle against bourgeois liberalization. Overall, the situation has been good and the development has been healthy. He noted: This struggle has just begun, the study has only reached the preliminary stage, the grasping of the essence of the central documents still requires going through a process of proceeding from the easy to the difficult. The erroneous views of bourgeois liberalization still remain to be thoroughly criticized, and some comrades have not yet drawn a clear line of demarcation between right and wrong in this regard. Our current task is to unswervingly deepen the struggle against bourgeois liberalization in accordance with the central authorities' plan and demands and to turn this struggle into a sustained and healthy struggle. For this reason, Li Ziqi called for taking further steps to conscientiously and successfully promote the struggle against bourgeois liberalization in the following five aspects:

First, it is imperative to continue deepening our understanding of the importance and protracted nature of the struggle against bourgeois liberalization. He said: Upholding the four cardinal principles and opposing bourgeois liberalization constitute a serious struggle within the political and ideological sphere. This struggle exists in the process of reform and the process of opening up. To successfully guide this struggle, leading cadres at all levels must first of all deepen their understanding and exercise strong leadership.

Second, it is imperative to continue to do well in conscientiously and successfully studying the documents, making a clear distinction between right and wrong, and seeking unity of thinking. He said: Party organizations at all levels must concentrate their efforts on organizing the study for party members and cadres, adopt various forms and methods to conduct education in upholding the four cardinal principles and opposing bourgeois liberalization for the vast numbers of party members and cadres, raise the political (consciousness) among party organizations at all levels, enhance the political quality of party members, and sharpen the ability of cadres and the masses to spot bourgeois liberalization.

Third, the political and ideological front must adhere to the correct political orientation. Comrade Li Ziqi noted: Overall, workers on the political and ideological front in our province are relatively good and have achieved successes in their work. However, they do have several kinds of problems that cannot be neglected. Leaders at all levels and the vast numbers of party members on the political and ideological front must actively plunge into this struggle with immense political zeal and a clear-cut political approach, sum up experiences and lessons on the basis of strengthening the (study of the central documents), be more clear about the guiding ideology, rectify the political orientation, inspire enthusiasm, and boldly carry out the work.



Fourth, we must strictly grasp the policies and steadfastly uphold the guiding principle of putting stress on positive education and uniting with the overwhelming majority. In waging the struggle, we must adopt the method of calmly convincing people by reasoning in the manner of a gentle breeze and a mild rain; resolutely refrain from adopting the past erroneous leftist practices, such as the practice of drawing demarcation lines between people, the practice of linking upper levels with lower levels, the practice of making every level subject to examination, and the practice of making everyone subject to self-criticism before we can pass the test; and absolutely avoid going in for a political movement.

Fifth, we must conscientiously and successfully carry out the two major tasks, namely, waging the struggle against bourgeois liberalization on the political and ideological front, and launching the drive to increase production and practice economy and increase revenue and reduce expenditure on the economic front, promote all types of work, and comprehensively fulfill all the tasks for this year.

Hou Zongbin and Lu Kejian, deputy secretaries of the provincial party committee, attended the meeting. Du Xinchun, member of the Standing Committee of the provincial party committee and director of the Propaganda Department of the provincial party committee, presided over the report-back meeting.

#### NINGXIA PARTY PLENUM DISCUSSES PROBLEMS, TASKS

HK260231 Yinchuan Ningxia Regional Service in Mandarin 2300 GMT 25 Feb 87

[Text] The Sixth Enlarged Plenary Session of the Fifth Ningxia Regional CPC Committee was held in Yinchuan from 11 to 23 February. In accordance with the arrangements of the CPC Central Committee, the meeting focused on studying questions of opposing bourgeois liberalization and of economic work in the region. Present at the session were regional party committee Secretary Shen Daren and Deputy Secretaries (Bai Lichen), Hao Tingzao, Shen Xiaozeng, and Liu Guofan.

The meeting was attended by some 270 people, including members and alternate members of the regional party committee; members of the regional Advisory and Discipline Inspection Commissions; leading comrades of the regional People's Congress Standing Committee, people's government, CPPCC, and Military District; party committee and group secretaries of the regional organs and organizations, and tertiary education institutes; and secretaries of prefectural, city, county, and district party committees.

The participants seriously studied the relevant central documents and the important speeches of leading comrades of the CPC Central Committee and State Council, and considered ways of implementing them in light of Ningxia realities. (Bai Lichen) and Hao Tingzao spoke on how to grasp the two major tasks. Shen Daren delivered a summation.

The meeting held: The struggle against bourgeois liberalization is now gradually unfolding in the political and ideological field in Ningxia. The party organizations at all levels are attaching relatively great importance to this struggle. They have promptly conveyed to the party members and the masses the relevant central documents and have taken the lead in studying the important speeches of leading central comrades and important press and journal articles. The understanding of the cadres and masses has been enhanced and their attitude is more [word indistinct] than before.

However, certain comrades lack sufficient understanding of the importance, urgency, gravity, and long-term nature of this struggle.

The meeting pointed out: The ideological trend of bourgeois liberalization has affected the whole country, and its influence in Ningxia must certainly not be underestimated. In fact, this trend has caused confusion in the thinking of certain comrades. Some comrades have violated the four cardinal principles and have published and disseminated certain extremely erroneous political viewpoints, which have had an extremely bad effect in the whole region and even in the whole country. We must fully understand this point, and summon up resolve to thoroughly eliminate the influence of the ideological trend of bourgeois liberalization in Ningxia.

The meeting stressed: In this severe political struggle which is bound up with the destiny of the party and state and the future of socialism, the party committees at all levels must maintain a high degree of political and ideological unity with the CPC Central Committee. They must take a firm and clear-cut stand, strengthen leadership, organize careful arrangements, and promptly solve problems that crop up in the struggle. They must certainly not glance left and right, hesitate and waver, and act in a weak and ineffectual fashion. The party members, and especially the leading cadres, must seriously study the relevant central documents and the important speeches of leading central comrades, to further unify their ideological understanding, distinguish between right and wrong, enhance consciousness of upholding the four cardinal principles and opposing bourgeois liberalization, and staunchly stand in the forefront of the struggle.

It is essential to get a strict grasp of the policies in opposing bourgeois liberalization. This struggle is limited to within the party, and is mainly to be conducted in the political and ideological field. It should focus on resolving problems of fundamental political principle and orientation, that is, problems of upholding party leadership and the socialist road. Viewed as a whole, this struggle means conducting education for the party members in upholding the four cardinal principles and fully and correctly comprehending and implementing the line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee.

The party and government organs and the urban enterprises, undertakings, and units should focus on conducting education by positive example for the party members. Through organizing study and providing positive propaganda and guidance, we should ensure that the party members clearly understand the erroneous nature and the harmfulness of the ideological trend of bourgeois liberalization and enhance their awareness of party spirit.

The rural areas will not conduct the struggle against bourgeois liberalization. The main thing there is to conduct education in upholding the four cardinal principles and further implementing the line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee, to occupy the rural position with socialist ideology.

The tertiary education institutes must continually improve and step up political and ideological work. During the new semester, they should focus on upholding the four cardinal principles and opposing bourgeois liberalization in seriously studying the relevant documents, distinguishing between right and wrong, enhancing understanding, and resisting the influence of the ideological trend of bourgeois liberalization.

The party organizations on the journalism and media front must conduct education in upholding the four cardinal principles for the whole body of party-member cadres, to enable them to have a clearer picture of the guiding idea and correct the political orientation.

The struggle against bourgeois liberalization has a strict political sense laid down for it. It must not be linked to economic reform policies, scientific and technological research, exploration in literature and art styles, and people's daily life. We must pay attention to distinguishing between certain muddled ideas and the viewpoint of bourgeois liberalization, and between ordinary erroneous theoretical and academic viewpoints and the viewpoint of bourgeois liberalization. We must distinguish between the masses' criticisms of the shortcomings and errors in our work and smears and attacks on the party and the socialist system.

Our guiding principle is to unite and educate the great majority of the party-member masses to the most extensive degree. Comrades with ordinary erroneous viewpoints can be criticized and helped in a comradely fashion at party life meetings. People are allowed to reserve their opinions. So long as they follow the party's program in their future actions, we should patiently [words indistinct] based on the desire for unity. In accordance with the party Constitution, we should strictly enforce party discipline on certain party members who have made serious mistakes with grave consequences, who refuse to accept discipline, and who refuse to mend their ways despite patient education.

Opposition to bourgeois liberalization must certainly not affect the implementation of the line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee. Bourgeois liberalization must be resolutely opposed, but the policy of reform, opening up, and invigoration, the principle of allowing a hundred flowers to bloom and a hundred schools of thought to contend, the building of democracy and the legal system, and the work of straightening out part style and correcting unhealthy trends must be unswervingly implemented and carried out in depth.

On economic work, the meeting explicitly pointed out: The chief tasks for Ningxia this year are to launch an extensive drive to increase production and practice economy and increase revenue and economize expenditure, deepen the reforms, invigorate the enterprises, especially large and medium enterprises, promote grain production, increase agricultural input, and boost the reserve strength of agriculture. We must strictly control investment in capital construction and ensure the construction of key projects. At the same time, we must harmonize certain major economic relationships. Through the efforts of all sectors, we should ensure steady and healthy development of the region's economy.

To attain this goal, we must have a good mental approach. We must vigorously display the spirit of arduous struggle and bring people's subjective initiative into play. Ningxia's economy remains rather backward. The foundation is weak and economic results are poor. In addition, the concept of arduous struggle and building the country with hard work and thrift has weakened among certain comrades in recent years, and practices of extravagance, lavishness, and waste have developed. Hence, it is extremely important to bring into play the spirit of arduous struggle and building the country with hard work and thrift in Ningxia. The leading organs at all levels, and first of all the regional party committee and government, must set a good example. It is essential to handle correctly the relationship between growth rate and economic results, between the partial and the whole, between external assistance and (self-reliance), and between broadening the sources of income and reducing expenditure. Our economic construction should thus be built on a foundation of steady and coordinated development.



We should focus on the following tasks in economic work this year:

1. Fully mobilize the masses to launch an extensive drive to increase production and practice economy and increase revenue and economize expenditure.
2. Continue to get a good grasp of agricultural production and develop rural commodity economy.
3. In industry, it is essential to deepen the reforms and invigorate the enterprises. We should achieve an all-round improvement in economic results.
4. Further clear the circulation channels to support the development of industrial and agricultural production.
5. In financial work, we must work hard to increase revenue and economize expenditure, enliven finances, and improve the efficient use of capital.
6. Continue to control the scale of investment, readjust the investment structure, and ensure key construction in energy, transport, and raw materials.
7. Further step up the work of opening up to the country and to the world, vigorously promote lateral economic ties, and speed up the exploitation of natural resources.
8. Rely on science. We must fully cherish science and respect talent, and fully mobilize the initiative of research centers, tertiary education institutes, and factories, mines and so on [words indistinct].
9. Strengthen price controls and maintain basic price stability in the markets. We must resolutely curb indiscriminate price hikes and imposition of charges. We must deal severely with units and individuals who violate the price policies.

The meeting stressed the following points in order to ensure the fulfillment of all tasks for the year:

1. We must strengthen unity in all respects. We must strengthen unity in the party; strengthen the party's unity with the democratic parties, non-party figures, and patriotic figures; strengthen unity between and within the nationalities; strengthen Army-government and Army-people unity; strengthen the unity of new and old cadres; and strengthen the unity of cadres from elsewhere and local cadres. In particular, we must strengthen unity in the leadership groups at all level. This is the key to making a success of unity in all respects. The leadership groups at all levels must establish a democratic life system and put it on a sound basis. They must regularly convene democratic life meetings, and correctly unfold criticism and self-criticism.
2. It is essential to uphold the party's principle of democratic centralism.
3. It is essential to strengthen the concept of service and improve work style.

The meeting demanded that the leading cadres at all levels seriously study Marxism-Leninism-Mao Zedong Thought and the party's principles and policies. [Words indistinct] continually improve their political and ideological level and their standard of leadership. To fulfill the two great tasks for the year, the meeting called on the party members, cadres, and masses of all nationalities in the region to unite as one, wage arduous struggle, and strive to win new victories in building and developing Ningxia.

NINGXIA STRESSES PRODUCTION, ECONOMY DRIVE

HK040333 Yinchuan Ningxia Regional Service in Mandarin 2300 GMT 3 Mar 87

[Summary From Poor Reception] A regional economic conference convened in Yinchuan on 2 March stressed: "The general guiding idea for the region's economic work this year is to further deepen the reforms in enterprises, launch the drive to increase production and practice economy and increase revenue and economize expenditure, and promote sustained, steady, and coordinated development of the region's economy."

The meeting pointed out that the region's economic situation was good last year. Industrial output value overfulfilled the plan. Financial revenue also grew. However, many enterprises still produce poor economic results, with high input consumption. It is therefore essential to do a good job in launching the drive to increase production and practice economy.

XINJIANG PARTY SESSION SCHEDULES PARTY MEETING

HK250215 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 24 Feb 87

[Excerpts] The ninth enlarged plenary session of the third regional party committee concluded today. The session demanded that in the new year, the party organizations at all levels resolutely follow the arrangements of the CPC Central Committee and State Council, clear the way to forge ahead in a sound way, and do all work still better, scoring outstanding achievements in building the two civilizations to greet the 13th party congress. [passage omitted]

The session explicitly pointed out that the most important thing is to grasp two major tasks this year: On the political and ideological front, to take a firm and clear-cut stand in upholding the four cardinal principles and opposing bourgeois liberalization; and on the economic front, to vigorously launch a drive to increase production and practice economy and increase revenue and economize expenditure.

The participating comrades unanimously held that these two major tasks grasp the vital points; they express the central intentions and also accord with the region's realities. They pledged to get a really good grasp of these two major affairs in accordance with the unified arrangements of the CPC Central Committee and the regional party committee, and also to make a success of a drive to improve other work and strive for the bumper agricultural and animal husbandry harvest for the 10th successive year and new victories in all work.

The session also passed a resolution on convening a conference of party delegates.

Regional party committee Secretary Song Hanliang presided and spoke at the session today. He put forward explicit demands on how to implement the spirit of this session. Wang Enmao, vice chairman of the CPPCC and chairman of the regional Advisory Commission, made an important speech at the conclusion of the session. He stressed: It is essential to uphold the four cardinal principles, oppose bourgeois liberalization, and ensure sustained and steady growth in the region's economy. [passage omitted]

The session resolved that a regional conference of party delegates will be convened in Urumqi in June.

Its main agenda will be to elect the region's delegates to attend the 13th national party congress, and to make partial readjustments in the membership of the third regional party committee and the regional Advisory and Discipline Inspection Commissions. The conference will be attended by 410 delegates. [passage omitted]

XINJIANG PEOPLE'S CONGRESS SESSION OPENS 28 FEB

HK010231 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 28 Feb 87

[Excerpts] The sixth session of the sixth regional People's Congress opened in the People's Hall, Urumqi, today. [passage omitted]

Regional government Chairman Tomur Dawamat delivered a government work report. The report was in two parts: 1) the work performance in 1986; 2) on work in 1987.

On the performance in 1986, Tomur Dawamat said that 1986, the first year of the Seventh 5-Year Plan, was a year of continued advance by all fronts, trades, and sectors in Xinjiang. [passage omitted] During the period, the regional government has focused on grasping economic work to ensure the fulfillment the national economic plans. It has strengthened macroeconomic guidance and promoted the steady and healthy development of economic structural reform. It has persevered in opening up to the world and promoted the work of importing from abroad and cooperating with units in the interior. It has attached importance to improving living standards and adopted practical and effective measures to help the peasants and herdsmen to extricate themselves from poverty and get rich. It has strengthened the building of spiritual civilization, and attached importance to the development of science, technology, education, and so on. It has reformed the government work functions and improved work style.

On the tasks for 1987, Tomur Dawamat said: In accordance with the arrangements of the CPC Central Committee and State Council, our main tasks in 1987 are to uphold the four cardinal principles, oppose bourgeois liberalization, uphold the principle of long-term stability in economic development, display the spirit of arduous struggle and building the country with hard work and thrift, and extensively promote the drive to increase production and practice economy and increase revenue and economize expenditure. We must deepen the reforms, invigorate the enterprises, and improve the economic results. We must boost the reserve strength of agriculture, ensure a 10th successive bumper year in agriculture, and strive for victory in building socialist material and spiritual civilization.

After reporting on a number of main economic targets for this year, Tomur Dawamat stressed that the region must make a success of the following tasks in order to fulfill these goals: 1) Boost the reserve strength of agriculture and strive for a 10th successive bumper year; 2) strive to improve economic results and ensure steady growth in industrial production; 3) strictly control investment in fixed assets and continue to readjust the investment structure; 4) launch an extensive drive to increase production and practice economy and resolutely cut excessively high expenditure; 5) further improve the work of extricating people from poverty and making them rich, and continue to improve living standards for all nationalities; 6) deepen the reforms and open up more to the world; 7) continue to step up the building of socialist spiritual civilization and strive to enhance the qualities of people's ideology, morality, and science and culture knowledge; 8) uphold the four cardinal principles and oppose bourgeois liberalization.



He said in conclusion: The tasks facing us are extremely glorious and arduous. We must unite as one, wage arduous struggle, clear the way to forge ahead, and strive for still greater victories. [passage omitted]

The session held its second full meeting in the afternoon. (Liu Donghao), director for the regional Planning Commission, reported on the draft economic and social development plan for 1987. Mahemuti Shabier, director of the regional Finance Department, reported on the execution of the region's 1986 budget and the draft for the 1987 budget. [passage omitted] In his report, (Liu Donghao) first reviewed the economic situation in 1986. On the basic tasks and focal points in the 1987 plan, (Liu Donghao) said: In accordance with the general goal of sextupling industrial and agricultural output by the end of the century and the arrangements for the Seventh 5-Year Plan, and in line with the spirit of the ninth enlarged plenary session of the third regional party committee, this year the region should concentrate efforts on eight main tasks in economic construction and social development this year:

1. Strengthen the position of agriculture as the foundation and ensure steady growth of grain output. We must highlight the development of animal husbandry, further expand cotton production, and strive for a 10th successive bumper year.
2. Readjust the industrial product mix, invigorate the enterprises, and speed up the development of the light, textile, and foodstuff industries using agricultural and animal husbandry products as raw materials.
3. Continue to strengthen infrastructural construction in the energy, transport, and other sectors.
4. Strictly control the scale of investment, cut non-productive construction, and ensure the key construction projects.
5. Seize the favorable opportunity to actively expand exports and increase foreign exchange earnings.
6. Improve the quality of education and step up the training of talented people of all categories. We must do a good job in tackling some key science and technology problems and science and technology popularization projects.
7. Further improve people's living standards. We must provide further support for the people of poor areas in southern Xinjiang in extricating themselves from poverty and getting rich.
8. Launch an extensive drive to increase production and practice economy and strive to improve economic results.

Regional Finance Department Director Mahemuti Shabier said in his report: Generally speaking, the region's financial situation last year was good. We achieved a balanced budget with a slight surplus. The general principles in arranging this year's budget are to compress the atmosphere, increase production and practice economy, and increase revenue and economize expenditure. While improving total social supply, we should focus on curbing the excessive total demand, so as to achieve a balance. Through increasing production and practicing economy and increasing revenue and economizing expenditure, we should improve enterprise economic results, and cut non-key construction projects and all kinds of non-productive expenditure. We must vigorously support the development of agriculture and animal husbandry and the light, textile, and foodstuff industries, together with education, science, technology, and public health. We should ensure a balanced budget with a slight surplus. [passage omitted]

CHINA POST ON EDITORIAL VIEWS SHULTZ VISIT TO PRC

OW031429 Taipei CHINA POST in English 28 Feb 87 p 4

[Editorial: "George Shultz's Visit to Mainland China"]

[Text] U.S. Secretary of State George Shultz's visit to mainland China is unfortunate as it will be exploited by the shaky Peking regime as a sign of staunch U.S. support for that inhuman and dictatorial regime.

Shultz's visit from March 1 to 6 was greeted by a Red Chinese propaganda barrage criticizing the United States naval presence in the Mediterranean, past U.S. intervention in Lebanon and the U.S. resumption of nuclear tests which Peking claims to cast a shadow over the already poor prospects at the Geneva arms talks.

Peking's critical reactions to Washington's decisions were aired to put the United States on the defensive before Shultz's arrival so that the U.S. Secretary of State will explain U.S. stands on those issues and seek Peking's understanding. Such tactics are typical of the Chinese Communists taking the offensive to put the visitor on the defensive to gain a talking advantage.

As to the other outstanding issues, Shultz's desire of bringing up the issue of Peking's expulsion of journalists will be rebuffed by Peking. On the other hand, Peking might once again accuse the journalists of some unfounded charges to justify its decisions.

Peking will also bring up the issue of arms sales to the Republic of China. In this respect, Shultz will be backed by the State Department spokesman's announcement of its continued sales to the ROC in accordance with the Taiwan Relations Act. Shultz should not yield on this issue.

ECONOMICS MINISTRY URGES FAIR TREATMENT BY U.S.

OW030323 Taipei CNA in English 0246 GMT 3 Mar 87

[Text] Taipei, March 3 (CNA) — The Republic of China [ROC] has already lowered its import tariffs and is therefore entitled to fair treatment by the United States, the Economics Ministry said Monday.

The view was expressed by Economics Minister T. H. Li and his deputy Li No when they met with Vincent C. Siew, director-general of the Board of Foreign Trade, to discuss matters related to forthcoming textile negotiations between the ROC and the U.S. to be held on March 5 in Washington, D.C. Siew, chief negotiator for the ROC, is scheduled to depart Tuesday.

Vice Economics Minister Li pointed out that the ROC Government has recently taken a series of measures to open its market to more American goods, and therefore should be treated more fairly by its chief trading partner, the United States.

During the previous negotiations, the U.S. only agreed to a 0.67 percent annual increment for ROC textile imports for the next three years. This was lower than the rates granted to South Korea and Hong Kong.

TAIWAN HAILS JAPANESE COURT RULING ON DORMITORY

OW040111 Taipei CHUNG KUO SHIH PAO in Chinese 28 Feb 87 p 6

[Text] Chiu Chin-i, spokesman of the ROC [Republic of China] Foreign Ministry, on 27 February hailed the Osaka High Court of Japan for fearing no interference from the Chinese Communists, displaying a spirit of judicial independence, and passing an objective and just verdict in the case of the Kuang Hua Dormitory. At a routine press conference held by the Information Bureau under the Executive Yuan, Chiu Chin-i said: "The Kuang Hua Dormitory in Kyoto was procured by our government in 1952 and registered in the name of the Republic of China for use by Chinese students as their dormitory. However, the dormitory was occupied over a long period by some leftist elements who refused to move out. Our government filed a lawsuit with the Japanese courts for the return of the dormitory. The lawsuit dragged on for several years. On 4 February last year, the Kyoto District Court pronounced our government as winner of the case. Expressing its dissatisfaction over the verdict, the bandit side then incited the relevant leftists to lodge an appeal with the Osaka High Court. It has now lost the case."

Chiu Chin-i said: "The Osaka High Court rejected the appeal lodged by the bandit side, once again reaffirming that the Kuang Hua Dormitory belongs to the Republic of China. The Ministry of Foreign Affairs expresses its admiration on the objective and just verdict passed by the Osaka High Court and the Court's courage in fearing no interference or threat from the Chinese Communist puppet regime and its determination to stand aloof and bring into full play the spirit of maintaining judicial independence."

TAIWAN REJECTS INDIA'S ARUNACHAL PRADESH CLAIM

OW031133 Taipei International Service in English 0200 GMT 3 Mar 87

[Text] The cabinet -- Executive Yuan -- has reiterated the ROC [Republic of China] Government's position not to recognize India's claim of setting up the Arunachal Pradesh within the illegally occupied Chinese territory on the mainland. The Yuan said in a written reply to the legislators that ROC Government considers the Indian move as null and void. The Indian houses of Parliament privately passed a motion on 9 December 1986 to establish the Arunachal Pradesh. The Yuan said: The ROC Government never recognized the draft signed in a 1913 Sino-British-Tibetan meeting to outlay about 90,000 square km of China's territory within Tibet on the Sino-Indian border as India's occupied land.

JUSTICE MINISTRY DRAFTS TOUGHER SEDITION LAWS

OW031431 Taipei CHINA POST in English 27 Feb 87 p 12

[Text] Outdated sections of the Criminal Code have been revised to toughen the penalty for seditious activities, Justice Minister Shih Chi-yang said.

Minister Shih told the Central Committee of the Kuomintang during its regular weekly meeting Wednesday that the draft has been submitted to the Executive Yuan or Cabinet for approval.



The draft would strengthen national security, maintain social order and safeguard the rights of the people after it is approved by the Legislative Yuan, Shih said.

The Criminal Code was revised because it has been in effect for over 50 years and fails to satisfy modern needs, the minister said.

The punishment for crimes of attempting to topple the government in connivance with outside forces, spreading propaganda aimed at creating internal unrest, and circulating false information leading to external disputes has been made harsher, he said.

An ad hoc committee formed in July 1974 met over 250 times before coming up with the draft, he said.

#### KUOMINTANG TO END MARTIAL LAW BY MARCH END

OWO40613 Taipei International Service in English 2000 GMT 4 Mar 87

[Text] The mass circulation UNITED DAILY NEWS reported Tuesday the ruling Kuomintang has tentatively decided to terminate the emergency decree [words indistinct] martial law at a date no later than the end of March.

The newspaper quoted sources as saying the Legislative Yuan's committees on home affairs, judicial affairs, and national defense last week decided to hold a joint session. The meeting is to expedite the legislative process of the proposed National Security Law. The security law is to replace the 38-year-old emergency decree. The three committees will hold public hearings on the subject for views of scholars and legal experts.

It was reported that the ruling Kuomintang will also hold caucuses for exchange of opinions among its members before it establishes understanding with the minority Young China Party, the Democratic Socialist Party, and the illegally formed opposition Democratic Progressive Party.

#### KMT, DPP TO HAVE REGULAR COMMUNICATION CHANNEL

OWO31423 Taipei CHINA POST in English 26 Feb 87 p 12

[Text] The ruling Kuomintang [KMT] and the opposition Democratic Progressive Party [DPP] reached an agreement yesterday to establish a channel of communication to avoid clashes between members of the two parties, the Chinese-language INDEPENDENCE EVENING POST reported yesterday.

The KMT made the proposal to the DPP after DPP legislators refused to be sworn in at the Legislative Yuan Monday and members of the two parties engaged in a fistfight during the yuan's opening session Tuesday, the newspaper said.

Both parties will dispatch three representatives to work out the communication channel.

Representatives of the KMT include Hsu Sheng-fa and Liang Su-jung, both deputy secretaries general of the KMT Policy Coordination Committee, and Chou Mu-wen, secretary general of the KMT branch in the Legislative Yuan. The DPP representatives are Fei Hsi-ping, DPP's convener in the Legislative Yuan; Hsu Jung-hsu, its deputy convener; and Chang Chun-hsiung, a DPP spokesman, the paper said.

HONG KONGZHAO ZIYANG REAFFIRMS PRC'S HONG KONG POLICY

OWO31656 Beijing XINHUA in English 1625 GMT 3 Mar 87

[Text] Beijing, March 3 (XINHUA) — Chinese Premier Zhao Ziyang reaffirmed here today, "our policy of 'one country, two systems' concerning Hong Kong remains unchanged."

"After 1997, Hong Kong's capitalist system will be maintained for 50 years," Zhao reiterated at a meeting with John Swire, chairman of Britain's Swire Group, and members of his delegation here today.

When commenting on the worries of some Hong Kong residents that after 1997 Hong Kong will no longer have international investment and international management institutions Zhao said, "The mainland is welcoming and absorbing foreign investment, so how can Hong Kong reject it?"

He said, "Hong Kong not only needs local Chinese investment, but also investment from foreigners including British business people."

"Maintaining Hong Kong's prosperity does not depend on others, but on more funds, so its prosperity will mainly rely on private enterprises, not on the mainland running public-owned enterprises there," Zhao said.

Private enterprises depend first on local Chinese investment, and then on international investment, including British investment, he added.

Zhao hoped for great progress in enterprises funded with foreign investment in Hong Kong and their development alongside Chinese-funded enterprises there. The larger the scale of the development the more benefit to Hong Kong, Zhao added.

"This is our point of departure for deciding that Hong Kong's capitalist system will remain unchanged at least for 50 years," he said.

Swire said his group decided last year to invest 12 billion Hong Kong dollars (1.6 billion U.S. dollars) in Hong Kong over the next five years. Zhao expressed his appreciation of the idea and described the decision as "far-sighted and sensible."

Zhao said, this investment will increase the Hong Kong people's confidence in the future and benefit the region's prosperity. The future will prove the Swire Group's decision to be correct, Zhao said.

Zhao also said, "The Sino-British joint declaration on Hong Kong is sound, the work of the Sino-British Liaison Group is going smoothly and the committee for drafting the Basic Hong Kong Law has been successful." "We should have confidence in maintaining Hong Kong's prosperity and stability," he added.

Referring to Basic Hong Kong Law, Swire said they hope the main factor in maintaining confidence in Hong Kong's future is to maintain existing laws under the framework of the future basic law.

Zhao assured the future basic law will embody this.

Concerning the tax issue Zhao said, China will try its best to continue to improve investment environment. Last year China issued new stipulations encouraging foreign investment and also drew up some concrete provisions. "On the whole," Zhao said, "although China's regulations are not yet perfect and its investment environment not ideal, still investment in China is less risky than in other countries."

"We hope the British visitors will also see this," he added.

JI PENGFEI REAFFIRMS POLICY TOWARD HONG KONG

OW040829 Beijing BEIJING REVIEW in English 2 Mar 87 p 14

[Text] Ji Pengfei, director of the Hong Kong and Macao Affairs Office of the State Council, reaffirmed China's policy towards Hong Kong in an interview with BEIJING REVIEW on February 21. He was commenting on the January 16, 1987 Communiqué of the Enlarged Meeting of the Political Bureau of the Central Committee of the CPC (see BEIJING REVIEW No. 4, p 5).

Question: The people of Hong Kong have been very much concerned on learning about the change of personnel in the Party Central Committee and the Struggle against bourgeois liberalization. Some fear that China will not continue to implement its policies of reform, opening to the outside world and invigorating the economy. Would you comment on the reaction?

Answer: Such fears are not called for. The 1978 Third Plenary Session of the Party's 11th Central Committee summed up historical experiences and, starting from the realities in China, put forth a line, principles and policies for building a socialist society with Chinese characteristics. The basic points are to uphold the four cardinal principles (the socialist road, the people's democratic dictatorship, leadership of the Communist Party, and Marxism-Leninism and Mao Zedong Thought) and to persist in reform, opening to the outside world and enlivening the economy, these two basic aspects are linked and neither one can be dispensed with. Thanks to the implementation of the line, China has in the past eight years made great achievements in its socialist modernization drive, achievements that have won worldwide recognition. Since this line and these policies have proven beneficial to the nation and people, we will continue to follow them for a long time to come. The personnel change in the party's Central Committee and the struggle against bourgeois liberalization are aimed at fully and correctly carrying out the line of the Third Plenum of the Party's 11th Central Committee and not at altering it.

Q: Some people are worried as to whether the personnel change in the Party Central Committee and the anti-bourgeois liberalization struggle will affect implementation of the policy of "one country, two systems" and the policy to keep the capitalist system in Hong Kong intact for 50 years after China resumes exercise of sovereignty over Hong Kong in 1997. What's your comment on this question?

A: The scientific concept of "one country, two systems" has been advanced by Comrade Deng Xiaoping by pooling the collective wisdom of the Party's Central Committee; it was advanced in accordance with the principle of seeking truth from facts and showing respect for history and realities. [paragraph continues]



As a basic policy of the state formulated to realize the cause of reunifying the motherland, the idea of "one country, two systems" will not change because of any personnel change. Comrade Deng Xiaoping has explicitly stated: "'One country, two systems' is a policy that has been adopted by the National People's Congress; it is a law. How will it change? If a policy is correct, no one will be able to change it."

I've just said that the personnel change in our Party's Central Committee and the struggle against bourgeois liberalization are aimed at better implementing the line of the Third Plenary Session of the Party's 11th Central Committee and building a socialist society with Chinese characteristics on the mainland. They do not have anything to do with the policy towards Hong Kong. For 50 years and upholding Hong Kong's prosperity and stability has already been laid down in the Sino-British Joint Declaration and ratified by the National People's Congress, so it will not change.

Q: Will the struggle against bourgeois liberalization involve Hong Kong, which is under the capitalist system?

A: No. The struggle against bourgeois liberalization does not affect Hong Kong at all. According to the principle of "one country, two systems," the mainland is carrying out socialism, and Hong Kong, capitalism. The mainland must persist in the four cardinal principles, while Hong Kong continues to operate according to the system of capitalism. In fact, even on the mainland, the scope within which we combat bourgeois liberalization is also strictly limited. It will be confined within the Chinese Communist Party. It will be carried out only in the political and ideological fields, and we will never allow "leftist practices" to be repeated. It is not a political campaign and will never flare up into one. So, I see no reason to fear that the struggle against bourgeois liberalization will involve Hong Kong.

Q: Will the personnel change in the Party Central Committee and the struggle against bourgeois liberalization affect the drafting of the Basic Law of the Hong Kong Special Administrative Region?

A: No, not at all. The drafting of the Basic Law is going on in an orderly manner as scheduled. Now all the special-subject groups are hard at work preparing for the 4th plenary session of the Basic Law drafting committee to be held in April. I am pleased to see that all the committee members, both from the mainland and Hong Kong, are active in the discussions and eager to put forward proposals reflecting the policies of the Chinese government for Hong Kong in a serious and responsible manner and in the spirit of democratic consultations, mutual respect and trust, and have reached common understanding on many issues. As for questions on which agreement has not been reached for the time being, members of both sides can continue to seek their settlement through democratic consultations. I am sure that the drafting of the Basic Law will be completed on schedule by 1990 through their joint efforts.

Q: Will the co-operative efforts of China and Britain to implement the Sino-British Joint Declaration on the Question of Hong Kong be affected by the personnel change in the Central Committee and the anti-bourgeois liberalization struggle?

A: No, they will not. The Chinese government and the British government have worked well together to implement the Joint Declaration signed two years ago. The Sino-British Joint Liaison Group is very successful in its work; it has solved a series of important problems, including Hong Kong's status in the General Agreement on Tariffs and Trade, its status in the Asian Development Bank, its residents' travel documents, transitional arrangements of civil aviation accords between Hong Kong and other countries and regions, the setting up of Hong's independent shipping register, and its public servants' pension system. [paragraph continues]

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The Sino-British Land Commission has also made marked progress, having settled questions of land leases that extend beyond 1997 and other problems in that connection. The friendly Sino-British co-operation, along with its encouraging results, has been widely acclaimed by people of all fields in Hong Kong. Their confidence in Hong Kong's future has been enhanced. I am sure that the friendly co-operation between China and Britain in carrying out the Joint Declaration will continue.

MEDIA STAFF LEARNS OF HU YAOBANG'S 'SINS'

HK030259 Hong Kong HONGKONG STANDARD in English 3 Mar 87 p 5

[Text] The "sins" of deposed party boss, Mr Hu Yaobang, have been made public. An internal party document setting out all his "errors" was read out to the staff of a left-wing news organisation in Hong Kong last week.

The document also brought the staff up-to-date on the current crackdown on bourgeois liberalism.

Aside from describing the mistakes of Mr Hu and the importance of the political clean-up, the document also discussed the impact of these events on Hong Kong.

It reiterated that Hong Kong would not be affected by what was happening in China. The "one country, two systems" policy would be upheld -- though China would maintain its 37-year-old socialist system and Hong Kong would continue to prosper under the capitalist system.

If the situation was reversed, with China practising capitalism and Hong Kong operating a socialist system, it would no longer be a case of "one country, two systems."

Sources told the STANDARD that the document ruled out the possibility of such a reversal.

This is the first known instance of the current political tremors being communicated directly to the general staff of any left-wing organisation in Hong Kong, according to sources.

It was, however, received with indifference.

The STANDARD was told that the document was read to the staff at a meeting which lasted only 20 minutes. It ended without discussion.

Meetings like this are not new to employees of left-wing organisations here. They are summoned from time to time to listen to or "learn" from important issues.

This usually involves policy matters set down by the top hierarchy in Beijing.

An official of one of these organisations, who declined to be identified, told the STANDARD that such meetings were generally boring.

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**MARCH 5, 1987**